

SREE MEENAKSHI MILLS

Thou hadst one aim, one business, one desire.

MATTHEW ARNOLD, *The Scholar Gipsy*

Kalaithanthai returned from Ceylon in 1916 and set up his home in Madurai. He wavered for nearly five years about his future. On the one hand, he wanted to continue his work as a champion of the oppressed and devote himself to social service. On the other hand, as one belonging to a business community, he had an inner urge to start some business. It was an accident that determined his choice.

1

His house was near Harvey Mills (now, Madura Coats). He had interest in the trade union movement and was engaging himself in the welfare of the workers. There was a major strike in the Harvey Mills in 1921, which resulted in a large number of workers losing their jobs. The helpless workers approached several eminent Indian businessmen and appealed to them to start a mill and give them employment but no one came forward. The thought of competing with an English company was daunting. Eventually, Kalyanji Ramji, a Gujarati businessman, who owned Kalyani and Sons at Madras, offered to start a mill at Madurai as a unit of his company, provided Kalaithanthai agreed to be a director. That was how Sree Meenakshi Mills was born. Besides Kalaithanthai, there were three other directors - the Congress leader, Andhra Kesari Sri T.Prakasam, the Raja of Sivaganga and the Devakottai Zamindar AL.AR. Narayanan Chettiar. Immediately, however, the mill ran into trouble. Not enough share capital was forthcoming — only Rs 65000 could be collected. The mill could not start production, but, on the contrary, accumulated a huge debt. Kalyanji Ramji felt he had burnt his fingers and wished to get out. He appealed to Kalaithanthai to take over the

mills. Kalaithanthai took charge in 1923. It was, however, another four years before the mills could start production. The workers were mainly the retrenched employees of the Harvey Mills, whom Kalaithanthai wanted to help.

This was how a labour leader was transformed into an industrialist.

2

Kalaithanthai was a stranger to the manufacturing side of the textile industry. The odds against him were heavy. In Tamil Nadu, the industry was dominated by Britishers — the Binnys in Madras, the Stanes in Coimbatore and the Harveys in Madurai — and all of them had been in the field for long. Besides, they belonged to the ruling class. Kalaithanthai entered the business without any of their advantages but on the contrary, with a lot of handicaps. But he brought to his work a sense of commitment and with patience, wisdom and innate business sagacity, he slowly built up what was really a textile empire.

The first ten years were a period of trial. There was crisis after crisis. Many were the occasions when he was tempted to close down the mills. Only his sense of commitment and fear of disgrace kept him back.

3

The first step was to find the capital. Throughout 1924, Kalaithanthai went from village to village in Chettinad and by his tireless efforts succeeded in collecting a share capital of Rs 24 lakhs. His Ceylon connection helped. There were many who had been his friends in Ceylon and had done business with the Karumuttu family there, and they readily bought shares. They all considered it a privilege to be shareholders in a company run by a member of the Karumuttu family. The father of S.Thondaman, who later became a leader of the plantation Tamil workers and a minister in Sri Lanka, was an example. It is a measure of the respect that Kalaithanthai commanded among his own community that many of his *nagararhar* friends, like Pudukkottai EMM, Pallathur AMM, Devakottai AVK., Kandavarayanpatti VR.KR., Natchandupatty P.RM.RM.CM., and

Mithilapatty N.PL.CH, not only bought shares themselves but helped in marketing them. For example, Paganeri K.SP.S. Kathiresan Chettiar, who had been a friend of the family in Kandy and been connected with them in business, went from village to village canvassing shares. Kalaithanthai would stipulate the number of shares each prospective buyer should buy and Kathiresan Chettiar was so loyal to Kalaithanthai that he would not rest till he had achieved the target.

4

The next step was to find a suitable location for the mills. Kalaithanthai purchased 20 acres of land in Andalpuram on the Tirupparankundram Road for putting up the factory. Aware that he was new to the field, he set about the work methodically. He went to different parts of India to personally study the workings of well-known mills. Then he himself drew up a building plan for Sree Meenakshi Mills. He always went in for the best talent to help him. To oversee the construction of the building for his mill, he appointed Mr Nageswara Iyer, a civil engineer of wide experience. Mr Nageswara Iyer had worked in the District Corporation, had gone to Nepal to lay the roads in the Himalayan kingdom, and later had laid the ghat road in Tirumala-Tirupati. Kalaithanthai designed the factory building after consulting him and other Indian and European engineers.

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Then there was the work of procuring the machinery. Though Kalaithanthai had no formal education in mechanical engineering, he studied the working of the machines with the help of various mechanical engineers and soon became so much of an expert that he could give instructions on the erection of the machines himself. He attended to the minutest details in the installation of the machinery. He would say that the machines should be in perfect rows and would not allow the slightest irregularity in the arrangement. He constantly upgraded the old machines and improved the buildings. He wanted Sree Meenakshi Mills to be always modern and constantly introduced new machines, discarding the old ones. No financial constraints deterred him, when it came,

to modernizing the mills. The Water Tube Boiler and Steam Turbine installed in Sree Meenakshi Mills in 1927, for example, was a revolutionary engine in those days.

Machinery for the mills were procured from the agents of Howard and Bullock at Bombay and from Dobson and Burrow. In the beginning there were 24000 spindles. Kalaithanthai had great business acumen and knew how to deal with the suppliers of machinery. A good bargainer, he could beat the supplier down to his own terms.

6

Sree Meenakshi Mills started production on May 4, 1927. To begin with, 14.5 bales of 20.5 count yarn were produced per day from 10000 spindles. The yarn was of standard quality, superior to the yarn from any other mill in India. Kalaithanthai knew that the only way to survive competition from Harvey Mills was to concentrate on quality. He was particular that the yarn produced in Sree Meenakshi Mills should in every way be superior to the yarn of Harvey Mills. He went for the best quality cotton. His group of mills produced yarn of different counts.

Sree Meenakshi Mills yarn became very popular, though it was more expensive than the yarn of other mills. It was sold the day it was produced. The demand could not be met. To increase production, night shift had to be introduced. Kalaithanthai was one of the first to introduce night shift in spinning mills in India.

7

Soon, Kalaithanthai became interested in cotton farming in the southern districts and was largely responsible for the increase in cotton farming areas in Theni, Virudhunagar, Sankarankoil and Kovilpatti and surroundings. He would meet cotton growers and give them suggestions on increasing production. He would point out the advantages of improving the quality of the cotton. He would instruct his mills to procure all the cotton produced in the southern districts and go in for cotton from Andhra, Karnataka, Maharashtra and Gujarat (upcountry cotton) only after exhausting the local source.

For very nice yarn (of a high count), high quality cotton imported from abroad

would be needed. There was a notebook for standing instructions in the mill and imported cotton could be purchased only if there were instructions in Kalaithanthai's own hand. Later when the number of mills increased, the mills needed 1, 00,000 bales of Indian and 10,000 bales of imported cotton a year.

Sree Meenakshi Mills was able to get cotton from reliable cotton farmers. Other mills that were not so lucky would often approach Kalaithanthai for help.

The land around Sattur and Kovilpatti is rich in black soil, ideal for the growth of cotton. The Britishers called the cotton grown in these areas 'Tinnys' and throughout the nineteenth century shipped it to England. Tuticorin was the port. The farmers took the cotton in carts to Tuticorin. The roads in Tuticorin through which the carts moved still bear the names Great Cotton Road and West Cotton Road, though the export of cotton stopped long ago. The export of cotton stopped after Kalaithanthai expanded his mills.

Sree Meenakshi Mills imported Egyptian cotton in a big way. The Economic Ministry in Egypt held a cotton festival biennially and officers from the mills were special invitees at these festivals. The Egyptian government and the Alexandrian Cotton Merchants Corporation made arrangements for representatives of Sree Meenakshi Mills to attend the cotton exhibition in which they introduced new varieties of cotton and exhibited the different stages of cotton growth. The officers went to Uganda and Sudan also on their *way* back.

At a later stage, as its production touched the peak, Sree Meenakshi Mills imported cotton from America too. The director of the Calcot Co-operative in California, which was engaged in cotton export, met Kalaithanthai during a visit to India in 1963, and struck a deal with him. He had learnt from some friends that Kalaithanthai would not compromise on quality and if the cotton was not up to the mark, and if there was the slightest difference between the sample and the cotton sent in respect of quality, Kalaithanthai would even haul him to court. He invited the mills' purchase officers to California to select their requirements and ship them to India. This would save a lot of confusion and ensure a smooth relationship. From 1963, officials from Sree Meenakshi

Mills regularly went to America. On their way back, they would visit Japan to study the working of the mills there and also the position of the cotton trade. Kalaithanthai himself never went abroad.

8

Even as he was struggling to find his feet in the business, Kalaithanthai ventured into related fields. He started ginning factories to process the cotton. He purchased ginning factories at Nalattinputtur, Dindigul, Salem and Virudhunagar. He built a factory himself at Rajapalayam.

When Japan entered the Second World War, all the Japanese interests in India were taken over by the Indian government. The custodian of enemy property who was in charge of them auctioned them at Bombay. Kalaithanthai sent one of his officers, Mr C.V. Rangachari, to Bombay to buy up the ginning factories of the Japanese in Virudhunagar and Sattur. He was able to get them very cheap. He installed new machinery and increased the capacity of the mills. He put up new buildings and had reliable people to work for him.

Kalaithanthai started a new company, The East India Corporation, and brought all the ginning factories under it.

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Kalaithanthai had his own method in selling yarn, preferring to sell it to users. His early customers were the Madura Knitting Mills, which produced vests and briefs, and the Kothandaram Weaving Mill, which made dhotis and coarse fabrics. He would say that the produced yarn should be sold as soon as possible. There was no point in keeping the stock, resulting in the locking up of capital. It would be a dead investment. At the same time, the yarn should not be thrown away for a song. It is significant that there was no godown in his mills for yarn.

Kalaithanthai never interfered in the working of the sales department. He stopped with formulating general principles and guidelines. Of course, he would be watching the

market conditions and sometimes give valuable advice. The department had complete freedom to sell the yarn to any reliable buyer. When he trusted somebody, he trusted him absolutely.

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In course of time, Kalaithanthai took charge of several mills. Such was the confidence that people had in Kalaithanthai's management and so sure were they of the quality of the yarn and also of the promptness of delivery that the price of the yarn of those mills that he took over immediately went up. This he achieved by his indefatigable effort, integrity and watchfulness.

Sree Meenakshi Mills produced yarn of 20 and 40 counts. A handloom factory with 40 looms functioning in Madurai was closed down. Kalaithanthai bought the looms and set up a weaving unit in his mills, with the same labourers. Later he bought 20 more looms and built a separate handloomweaving shed and produced dhotis of high quality. These dhotis were very popular in India and abroad. He installed a power loom and produced quality coarse fabric.

11

The first secretary of Sree Meenakshi Mills was Mr N.L. Srinivasan from a well-known Sourashtra family in Madurai. He was related to P.A.P. Kuppusamy Iyer, one of the directors of the mill. He was a graduate and a very knowledgeable person. When he left after three years, Mr C.S. Ramachari (C.S.R., as he was known) took his place. He had worked under Srinivasan for three years. Kalaithanthai had grown to like him.

C.S.R. joined Sree Meenakshi Mills in 1929. He was soon made supervisor of the spinning section. Later he was authorized to make cotton purchases. Gradually the relationship between Kalaithanthai and C.S.R. transcended the level of employer and employee — they became fast friends — 'till death do us part'. Kalaithanthai had often to be away on work connected with the mills, with cotton purchases, to learn the latest trends in the business, to raise money and sometimes even to avoid creditors. At these times, it was C.S.R. who ran the mill. Kalaithanthai only laid down the broad principles.

Only C.S.R. was in his confidence. Nothing in Sree Meenakshi Mills was done without his knowledge or approval. He would leave late after work but be at office promptly at 9 in the morning. Every day he and Kalaithanthai would go to Sri Meenakshi Temple and Tirupparankundram. They would return to the office at nine o'clock at night and continue to work.

In 1956, C.S.R. expressed a desire to start a textile mill himself. Kalaithanthai was happy, and C.S.R. set about *it*. It was difficult for him to leave Sree Meenakshi Mills. He had been with the mills for close on 27 years, and had grown with it. He had become an *alter ego* of Kalaithanthai. Left to himself, he would have continued to serve but Kalaithanthai would not agree, as he knew from his own experience that C.S.R.'s new venture would require all his attention. The two parted very reluctantly and an association of two and a half decades came to an end. It was the end of an era in the history of Sree Meenakshi Mills. It was Kalaithanthai who inaugurated C.S.R.'s mill at Tirunagar. C.S.R.'s Sitalakshmi Mills became the nucleus of a number of mills later.

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The day-to-day working of the mills was looked after by senior officials who were free to take decisions. Even if some action turned out to be wrong, Kalaithanthai would not think of cancelling it. He would just ask the officers to be careful in future. He never signed cheques. Six senior officers had been authorized to do it. This ensured that the cotton farmers got immediate payment.

The workers had the highest regard for Kalaithanthai. They were amazed at his industry and intelligence. Always they had something new to learn from him. C.S.R. used to say that whatever he knew of textile business he owed to Kalaithanthai. Kalaithanthai was always gentle with the workers and would never get angry even if they were in the wrong. There was certainly no one who could excel him in management skills. Management skills have become a subject of study only in recent years. But he knew the basic principles of management and adopted them. He delegated responsibilities to the higher officials and never interfered in their activities.

He was very accessible - workers, cotton merchants, yarn dealers and others could meet him any time. He would patiently listen to them. He felt that such meetings would be valuable. He never wounded the self-respect of any worker. He was very friendly. He never stood on prestige and when any mistake was pointed out, he would rectify it.

13

Sree Meenakshi Mills needed a spinning superintendent. In those days there was only one institute in the country to give training in textile technology - The Bombay Victoria Jubilee Technical Institute. Kalaithanthai got a lecturer from the institute to work in the Mills. He had a purpose in bringing him. He selected four fresh graduates and took them as trainees in the mill on a stipend. They had their instruction under the new superintendent from Bombay. At the end of the training, they took the test conducted by the City and Guilds of London. Two of them got gold and bronze medals for their proficiency. They were taken into Sree Meenakshi Mills itself. One of them left for the Madura Mills and the other also joined another mill. One officer, L.N.Sundararaman, felt that there was no point in the training programme if the trainees did not stay to serve the mill and so scrapped it. When Kalaithanthai came to know of it, he immediately revived the programme. That the trainees got better opportunities spoke well of the training and that should not be a reason for calling off the programme, he said. He introduced Weaving as an optional subject in the school at A.Thekkur in the very first year. The Thiagarajar Polytechnic at Salem offers the LTM course.

He knew the value of practical training in technology and office administration. He believed in imparting training to students coming out of the academic institutes. In a special interview to Mr S.Y.Nanal, the editor of *The Textile Digest*, he spelt out his views born of experience. He was for the closest possible liaison between textile mills and institutes of textile technology. This would ensure that the teachers were in touch with the industry and the students got good practical training. Sree Meenakshi Mills had embarked on such a relationship with the Victoria Jubilee Institute in Bombay and he was sure that it would be beneficial to both. If we could have a sandwich course in textile

engineering with the mills' co-operation, we could have very good maintenance engineers. The student should spend half the day in the mill and half the day in college, Kalaithanthai would say. He was willing to extend all help for conducting seminars and lectures on matters connected with the textile industry. He would welcome all new developments in textile technology. In fact, he was certain that technology and science were indispensable for the progress of the nation. Kalaithanthai's views are now aired often under 'universityindustry interaction'. But it is rarely acted upon. The full text of the interview is given in *Appendix 3*.

14

Sree Meenakshi Mills expanded steadily. In 1939, 14000 new spindles were introduced, making the total number of spindles 40000. In 1940, it was the largest mill run by an Indian in South India. Sixty percent of the income was paid as tax in 1941 and the next year the tax was 80%. In 1943, the company paid 10% additional dividend to shareholders in the form of a three-year bond. This was because 80% of the income had been paid as tax and another 13% as compulsory deposit. There was, however, an agreement with the Bank of Madura by which the shareholders could redeem the bond after six months.

15

In 1942, the government passed the Yarn Price Control Order. To escape its provisions, Kalaithanthai started the Pudukkottai Company at Pudukkottai, which was an independent State. More than fifty industrialists had opened offices at Pudukkottai, promising to start industries within the State. Only Kalaithanthai started a mill there and ran it efficiently. It was the Thiagesar Mill, a unit of Sree Meenakshi Mills. It was started on the outskirts of Manapparai, within Pudukkottai State limits. Manapparai was a backward area, becoming active only once a week on market days. Thanks to Kalaithanthai's enterprise, it is now an industrial area and a municipal town and taluk headquarters.

The other unit of Sree Meenakshi mills *was* started at Paravai near Madurai in 1956.

16

Sree Meenakshi Mills won wide acclaim. The 1930 report on the industrial growth of Madras Presidency singled out the mills for special praise. The managing director of Yeats and Tom, a leading boiler plant in England visited the mills in 1939 and declared that there were very few mills in India or in England comparable to Sree Meenakshi Mills.

R.Venkatraman, the then Industries Minister of Tamil Nadu, said on 16.3.59, after a visit to the mills, “The spinning section of the mills bears witness to the high level of automation in the textile industry.”

Howard N.Noody, the head of an American trade delegation, who visited the mills declared that he knew of no other mill in India or America equal to Sree Meenakshi Mills in excellence or efficiency of machinery.

Sir A.Ramaswamy Mudaliar wrote this note: “I have seen numerous textile mills in different parts of the world. Sree Meenakshi Mills surpasses all those mills. The beauty of the factory building, the brand-new machinery, the cleanliness, the light and the ventilation enrapture me. Tamil Nadu can well be proud of it.”

Sri Jeyaprakash Narayan admired the Thiagarajar Colony. “I visited Thiagarajar Colony along with Thiagaraja Chettiar. I have seen colonies put up by the state governments. Nowhere else have I seen a colony so well planned. This could be a good model for future colonies for workers.”

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Up to 1939, Kalaithanthai suffered terribly. He had to struggle hard. He did not cave in. With nothing to support him but his confidence in himself and faith in the future, he came up overcoming obstacles at every stage.

In the beginning, he had to face competition from Harvey Mills. The Europeans could not bear the idea of their Indian counterpart being successful, and did everything in their power to crush Kalaithanthai. They suddenly brought down the price of their yarn. Kalaithanthai was undaunted. He bought up their stock of yarn through his bank and through friends in the yarn trade. He rented a building in South Masi Street to keep the yarn and started a shop to sell it.

His troubles had started in 1929. That was the year of the Great Depression and throughout the world, prices fell and money became scarce. It was almost impossible to raise money. Kalaithanthai's only thought was how to save Sree Meenakshi Mills and make it grow. He forgot his family. He did not worry about his own comforts. There were days when he went without food and sleep. The growth of Sree Meenakshi Mills became an obsession with him.

Kalaithanthai needed one and a half million rupees to carry out his plans for the growth of the Mills. It was impossible to raise such a huge amount. And many of the small creditors pressed Kalaithanthai for repayment. They could not be put off. To clear the small loans, he needed at least half a million rupees. He took a hard decision. He approached Harvey Mills. The managing director had great regard for Kalaithanthai and he readily agreed to advance the money. But there were conditions. Sree Meenakshi Mills had to give bonds for the amount to Harvey Mills. The amount had to be repaid in 10 years in equal instalments of Rs 50000. If, for any reason, it failed to clear the loan in 10 years, Sree Meenakshi Mills would be taken over by Harvey Mills. The London office of Harvey Mills laid down certain additional conditions: Sree Meenakshi Mills should not sell its yarn at less than Harvey Mills yarn and it should not pay the cotton merchants more than Harvey Mills. The agreement was clearly one-sided, but Kalaithanthai had no choice. But he had faith that things would turn for the better.

Harvey Mills were a British company and Britain was ruling India. The directors were moneyed people and they had been in the textile industry for a long time. Kalaithanthai was new to the business and he had no money. The danger of Harvey Mills

absorbing Sree Meenakshi mills was very real. Kalaithanthai was determined not to let this happen.

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Madurai was agog with rumours. It was given out that Kalaithanthai had sold his mill to the Harveys. What was to be done? Kalaithanthai felt that the only way to scotch the rumour was to repay the loan before the due date. He had to look for another source of money. He met the Secretary of the Indian Bank, Sri Suryasekara Iyer, to seek his help. But the Secretary had no authority to sanction the huge amount Kalaithanthai required. Only the Board of Directors could do it. Fortunately, most of the directors owed their position to Rajah Sir Annamalai Chettiar, the Founder of the bank. When Kalaithanthai approached him, he was sympathetic but said that he would decide after visiting the mill. Kalaithanthai took him round every section of the mill. Sir Annamalai Chettiar was impressed. He had just given up his directorship of the Indian Bank and in view of the Silver Jubilee celebrations of the bank coming up after two months, his son, Rajah Sir Muthiah Chettiar, had been elected Chairman of the Board of Directors. Twenty days after the Silver Jubilee celebrations, Sir Muthiah Chettiar paid a formal visit to the mill and sanctioned the loan at the next board meeting. Kalaithanthai was ever grateful to the Rajah's family for helping him at a critical time.

By this time Sree Meenakshi Mills had paid the first two instalments of their dues to Harvey Mills. With the prospect of getting the sanctioned loan within the next ten or fifteen days, Kalaithanthai intimated to Harvey Mills that he would be clearing the loan in the next few days. Harvey Mills stuck to the terms of the loan whereby the loan could be repaid only in ten instalments. They said that there was no provision for prepayment of the debt. Kalaithanthai wired to the London office.

The London office advised its Madurai office to accept repayment if it was made within thirty days, failing which the original schedule should be insisted on. Kalaithanthai paid the amount within the period and got back the mill. In the annual

report, he said that whenever the mill met difficulties, it was able to overcome them and reach new heights.

19

The troubles were not over. But they were not peculiar to him. They were troubles he shared with other industrialists. In 1931 and 32, there was a steep fall in prices all over the world. All industries suffered. The New Deal introduced by Franklin Roosevelt in America was to show its effect only 1936. Many of the companies could not even pay sitting fees for the directors attending board meetings. Such was the financial crunch. In months when the mill worked to full capacity and the yarn price was good, Sree Meenakshi Mills could make a profit of Rs 25000 per month. Kalaithanthai knew that he could not realize his dream of making Sree Meenakshi mills the foremost mill in India with this profit.

Kalaithanthai had to face trouble from some of the shareholders. Two of them, V.S.Swaminathan (the son of the great Tamil scholar, Suryanarayana Sastri) and Anantha Padmanahha Sastri distributed leaflets at a shareholders' meeting, holding Kalaithanthai responsible for the loss incurred by the mills. They blamed the loss on his indulging in speculative cotton trading. The President at that meeting, A.M.Murugappa Chettiar, pacified the shareholders by pointing out that all mills were going through difficult times. Some of the shareholders, ignorant of the intricacies of the industry, spread the rumour that Kalaithanthai's losses were heavy and there was no chance of his recovery.

There was trouble from the workers too, most of whom had been with the Harvey Mills and had lost their jobs during the strike there before Sree Meenakshi Mills was started. In fact, one of the considerations that had weighed with Kalaithanthai in starting his mill was his concern for them. Under their leader, Varadarajulu Naidu, the workers would resort to frequent strikes for no reason. Kalaithanthai faced the strikes unruffled and all labour trouble ended by 1939. The Mills had turned the corner.

Kalaithanthai never forgot his sufferings and would often refer to them later. Once

he unveiled the portrait of the industrialist VA. Peri.M. Arunachalam Chettiar at Pallattur. Speaking of Arunachalam Chettiar's achievement, Kalaithanthai said, "Arunachalam Chettiar was my forerunner in industry and had gone through the same stages as myself. He started an industry to make big money. He lost everything and got into debt. He worked patiently, 'taking up arms against a sea of troubles,' and at last became prosperous."