



# A VISION OF KARMAYOGI

# GUJAR MAL MODI

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**GUJARMAL MODI**



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**RAJ BAHADUR GUJAR MAL MODI**

(1902 - 1976)



DEDICATED TO HIS DEVOTED WIFE  
**SMT. DAYAWATI MODI**



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# PREFACE

We have few biographies of Indian businessmen because their routine lives have little to attract an author. Yet it is these very men who by slow and patient efforts first perceive their goal and then by steady and powerful strides, march forward till it is achieved. It is indeed fascinating to see how many of them started from humble beginnings and grew into big industrial giants, to watch the step-by-step emergence and growth of their sharp minds and to see them emerge as distinguished men. Often it is a story not merely of how an industry is built but of how the profits are spent for constructive and creative schemes.

Rai Bahadur Gujarmal Modi was a man who knew how to not only make a fortune but also how to spend it fruitfully. He had all the qualities which make a successful man of business and honesty, resoluteness, circumspection and, what is more important, a powerful imagination and exemplary courage which made his most ambitious schemes successful. He was an industrialist, a patriot and a philanthropist whose service to the country was as great as his love for humanity was profound. This book is more a chronicle of Mr. Modi's life than a biography. The author had the good fortune of coming into close personal contact with him and was, therefore, privileged to know him and his family at close quarters. Mr. Modi often talked to him about his past life in a reminiscent mood. The author also had the benefit of getting information about Mr. Modi from the members of his family. It was only after 1972, when Mr. Modi began to keep indifferent health, that the author could not meet him regularly, and so the narrative since that date is sketchy, even disjointed. An attempt is however made to give an adequate account of Mr. Modi's life and a balanced estimate of his character and achievements. If a more knowledgeable reader finds any factual errors or lacunae in this account, the fault lies with the author.

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9.8.1977

## INTRODUCTION

## THE MOVING SPIRIT BEHIND MODINAGAR AND MODIPURAM

On the main State Highway No. 45 as you pass by the sprawling yard of the Government Ordnance factory at Muradnagar, you will see on your right an old and friendly signboard extending a warm welcome to Modinagar. This is the entrance to the industrial town of Modinagar, a centre of intense industrial activity. Modinagar, the source of employment to several thousand families, lies about 50 kilometres north of Delhi. In every respect, it is a model town situated in an agriculturally fertile and climatically salubrious temperate zone. It is a self-contained city with a variety of educational institutions for boys and girls, workers, clubs, subsidised canteens, dharamshalas (public inns), guest houses, hospitals, libraries, hostels and spacious parks and play grounds.

Until the year 1932, this was a sleepy village known by the name of Begumabad comprising a few huts, a small post office and a police post. Nearby there was the small railway station of Begumabad. The arterial road and the railway station were the only signs of industrialisation in this part of the country where life otherwise was leisurely and undisturbed. Few travellers along the state highway took to the winding path leading to the village and only an occasional hey-ho of the cart drivers disturbed the sylvan calm of the area. During the day, peasants tended their growing crops in the fields, but in the evening as night descended, the quiet village was transformed into a place infested with antisocial elements, dacoits, sansis and marias. The last were members of criminal tribes often rounded up by the hand of law and put behind bars. Only those prepared to risk their lives would dare pass through this area after dusk.

The area, which grew sugarcane and green vegetables then, is now a bustling industrial town boasting of more than twenty medium and large-scale industries and employing more than 18,000 workers. The people living in this area are



hardworking, peace-loving and deeply religious. Behind the big-size mansions flanking both sides of the main road, there are rows of residential quarters built for the employees working in the various industries in the town. The houses neat, clean and close to their place of work, provide comfortable accommodation to the workers.

The first factory to come up in this area was a small sugar mill with an initial capacity of crushing 800 tons of sugarcane per day and employing about two hundred workers. This was in the year 1933. It marked the beginning of the long process of industrialisation which was to change the entire landscape.

The capacity of the sugar mill was quickly expanded to 1132 tons of sugarcane per day. About seven years later came the vanaspati factory whose popular brand, Kotogem, continues to be a household name. Thereafter, during the period from 1940 to 1963 came the soap factory, the oil crushing plant, the paint and varnish factory, the glycerine extraction plant, the cotton textile mill, the lantern factory, the torch factory, the arc electrodes factory, the steel mill, the silk and yarn mill and the thread mill among others all in quick succession.

Who is the moving spirit behind this vast industrial complex embracing in its fold more than twenty industries and supporting a population of 80,000? Mr. Gujarmal Modi, the industrialist with a vision was an embodiment of enterprise. The story of the development of Modinagar is the history of his dogged determination.

Tall, well-built he stood erect even in old age. He could be seen with a walking stick in his hand while he took his morning and evening walks, but the stick was more a symbol of command than a necessity. The penetrating gaze underneath his dense eyebrows indicated a deep insight born of sincere hard work and profound experience. He had his hands on the pulse of almost every single individual who mattered in one or the other of the various factories run by him or by the members of his big family. He discussed and solved the intricate problems of the industry with the same ease and attention as he listened to and resolved the difficulties of the smallest of his numerous workmen.

It is well-known that almost three-fourths of all the factories and buildings in

Modinagar were built by Mr. Modi, or Rai Bahadur as he was called, under his personal supervision took rightful pride in claiming that he had been able to complete the construction of almost every building in the town in about nine months' time. Why nine months for every building, big or small? Quickly he would add, "Well, God creates new life in that much time. I am only following what the Almighty has been doing all along." Under his personal supervision, many a wall was pulled down, beams re-laid and the position of the shuttering changed to accommodate the practical suggestions made by him during the process of construction.

The personal life of Mr. Modi was a marvellous blend of all that is modern and traditional. As a person he was a perfect synthesis of the feudal and the progressive. He would not sacrifice all that was Indian for the sake of the so-called modern values. He led a simple life deeply dedicated to his work. He commanded full respect among the members of his household in the same way as he exercised full control over the numerous factories owned and run by him. At his behest everyone in the household visited the temple in the morning and bowed before their elders to seek their blessings. Himself a deeply religious man, he attended religious discourses almost every day and at times held philosophical conversations with learned people of all faiths on the eternal problems of man. There he meditated and prayed for spiritual solace.

Such was the man who from a modest beginning rose to the towering heights of an industrial giant.

# CHAPTER ONE

## FAMILY, BOYHOOD AND EARLY EDUCATION

Mr. Gujarmal Modi belonged to a family which had a tradition of business. His great grand-father Mr. Ram Baksh Modi was a simple, kind-hearted, hardworking and honest businessman. He had set up his business in Mahendra Garh which was then known as Kanaur and was the capital of the state of Nawab of Jhajjar. Until 1857 Mr. Ram Baksh Modi a 1-ranked civil supplies for the armies of the Nawab. During the first rebellion of 1857 when the British Regent was compelled to leave the state of Jhajjar, he ensured his safe conduct to Rewari. Later, when the rebellion was suppressed and the princely state of Jhajjar came under the sway of the British, the responsibility of arranging civil supplies for the British forces stationed at Kanaur was once again entrusted to the experienced and capable hands of the Modi family. The State was later on given by the British to Maharaja Mahendra Singh of Patiala as a reward for the help rendered by him to the British during the rebellion. The name of Kanaur was then changed by the Maharaja to Mahendra Garh after his own name, and the Modi family was now asked to arrange civil supplies for the British forces stationed at Patiala. It was, thus, that the business activities of the Modi family came to be extended to Patiala where Mr. Ram Baksh Modi established a branch of his business.

After the death of Mr. Ram Baksh in 1857, the family business was ably carried on by his son Mr. Chiranji Lal Modi, the grand-father of Mr. Gujarmal Modi. As time passed, the task of arranging civil supplies for the whole range of British cantonments from Kanpur to Peshawar came to be entrusted to the Modi family and this work was carried on by them efficiently and to the entire satisfaction of the armed forces. For the sake of efficiency and convenience, Mr. Chiranji Lal shifted the headquarters of his family business to Multan (now a part of West Pakistan) with additional branches at Kanpur and Ambala and also at Naushera and Jullunder. It was at Multan that on 21st October, 1875, Mr. Chiranji Lal was blessed

with a son whom he named Multanimal after the city of Multan.

Mr. Multanimal Modi was also a gifted businessman like his father. While helping his father in business, Mr. Multanimal in his own right came to be known for his honest dealings and shrewd business acumen. He told his father that he would join neither army nor civil service nor any other service, but would set up his own independent business. He had an immense measure of self-confidence and his discerning father gave him the desired consent. He had no difficulty in raising the initial finance required for the business.

Mr. Multanimal started his career as a commission agent in foodgrains at Patiala. Gradually, he started supplying wheat to a flour mill at Patiala which was then run in partnership by a few Parsi and Sikh officers. For some years business at the mill ran smoothly. But suddenly the mill suffered heavy losses and the owners were obliged to dispose it off. This offered a natural opportunity to Mr. Multanimal to expand and diversify his business. He purchased the mill in 1894 and with his managerial skill and business talent reorganised its working. The business flourished rapidly.

Mr. Multanimal established his name not only in business circles but also in the field of public service. It was due to his popularity and understanding of public affairs that he was made an honorary magistrate and was also elected City Father of Patiala. He was the first and also the last in the state to get the title of Rai Bahadur. This was a fitting recognition of his services as a businessman and philanthropist. Two high schools were among the many public welfare institutions established or patronised by him. He also contributed liberally to the *gvshalas* besides forming a public welfare council to look after the welfare of others. He took keen interest in Persian language and literature and left behind several manuscripts in that language. Mr. Gujarmal Modi was the second child in the family of

Mr. Multanimal Modi who married four times. His first wife, who hailed from the family of the Dewan of Khetri, gave birth to a daughter and died four years after marriage. His second marriage was solemnised with Chandi Devi, daughter of Nanak Ram of Nawazpura, District Narnaul, in 1896. Mr. Multanimal did not have any son so far. Being an orthodox Hindu, the elders in the family believed

that the birth of a son was necessary to ensure one's salvation after death. There was a natural desire, therefore, that there should be a son in the family. This was, perhaps, one of the many reasons which had impelled him to marry again after the death of his first wife. When he was blessed with a son on 9th August, 1902 at Kanaur (Shravana Shukla Shashthi of 1859 according to the Hindu calendar, more popularly known as the Vikrami Calendar) there was great rejoicing in the whole family. The birth was celebrated with songs and music because this was the fulfilment of a long-cherished desire for a son. Good wishes continued to pour in for days and weeks. The astrologers were summoned and they stated that at the time of the birth, the position of the stars were extremely favourable for the child. The devout father then arranged a Yagna followed by all the ceremonies that normally take place in an orthodox Hindu family after the birth of a son.

But this rejoicing in the family and the mood of gaiety lasted barely six days as the mother developed sepsis and all the medical aid that was available in those days could not save her.

The little child was left without a mother. This naturally created numerous problems for the family. At first it was decided to bring up the child on bottle feeding. But the elders in the family resisted the idea. They firmly believed that breast-feeding was the only way to save the child, the only male issue so far in the family. The father could not resist the wishes of the elders and thus a foster-mother from the nearby village of Majra was engaged to breastfeed the child.

The grand-mother would visit the child and the wet nurse almost every other day to ensure that the child received full attention. But after a few days both the foster-mother and the child was brought over to Patiala where they could stay under the direct supervision of the grand-mother.

The birth name of the child was Ram Prasad, but as time passed, the child was nicknamed Gujar after his foster mother whose name was Gujar. The name Gujar stuck on and the child came to be known as Gujarmal. That is how the little Ram Prasad, who was destined to become an industrial magnate in his later years, came to be known as Mr. Gujarmal Modi.



Meanwhile little Gujarmal's father was married for the third time to the daughter of a well-known family at Patiala. As ill luck would have it, the third wife too died after a year of married life without leaving any issue. When the father married his fourth wife, Rukmini Devi, daughter of Mr. Bansi Dhar of Mahendra Garh, when the young Gujarmal was only 2½ years of age. It was under her loving care that the child received real motherly affection.

By the time Gujarmal was four, his father had established his business at Patiala. In those days the modern system of pre-primary schooling was not in vogue. During the early years, therefore, the young child was put under the care of a Mau/vi at his private coaching centre. In those days education in such single-teacher coaching centres, established privately, was free. In return for the instruction given, the students paid in kind in the shape of grains and other household goods. It was under the care of the Mau/vi that the young Gujarmal, though the son of an affluent family, started learning the Mahajani style of writing. After completing one year of pre-school education, the child, at the age of five, was admitted to a local school.

The grand-father of the child was a staunch believer in discipline. He wanted the child to be admitted to a Sainik School to become a soldier. But this was not to be. The grandfather died in 1913 when the boy was studying in class VI. Destiny had ordained for him an altogether different path - the path of industry. And rightly so, because, as later events proved, in the field of industry Mr. Gujarmal Modi acquitted himself extremely well by creating the infrastructure for new and diverse industries in those areas which had hitherto been thoroughly backward and undeveloped.

Persons who had the occasion to watch the young Gujarmal grow up confide that right from his early days he had started showing unmistakable signs of a promising career. While his other friends at school appeared to be book-worms, the young Gujarmal could be seen engaged in new and uncommon pursuits. One person who had watched him during his school days from close quarters states that upto his eighth standard, the young Gujarmal used to get two paise (three paise in the new decimal currency) as pocket money each day. Those were the days when the first World War had just started and inflation and rising prices

were yet far away. Everything was less expensive and even a little money could buy a lot. And so, out of the pocket money, the boy would meet his daily expenses on snacks and yet save something for helping the poor and needy students. something unimaginable in these days of spiraling prices.

The movement started by Swami Dayanand and other contemporary reformers against child marriages and other customs had made a deep impact on society. The custom of early marriages had not, however, disappeared altogether. The Modi family, essentially, was orthodox. So the marriage of the young Gujarmal was solemnised at the early age of 13 in 1915. At the time of his marriage with Rajban Devi, daughter of Mr. Goverdhan Das of village Singhana in Rajasthan. He was still studying at the Model School, Patiala. Gauna, the post-marriage ceremony when the bride comes to live with her husband, took place two years later.

Marriage did not have any adverse effect on the education of the young Modi. What did, however, disturb his studies was an otherwise minor incident at school which eventually disrupted his school education. The incident relates to the year 1920 when he was studying in the tenth standard. It was a cloudy day and there was cool breeze blowing all around. The weather outside was extremely pleasant and inviting and the Mathematics teacher. Mr. Chopra, suggested that the students might go on an excursion on that fine day.

The suggestion was met with spontaneous response and the overjoyed students started preparing for an outing. But the principal, who was not on good terms with the Mathematics teacher, came in the way. Taking advantage of the situation, he levelled the allegation that the teacher was inciting the students to go on strike and had, thus, violated the discipline of the school. He also asked the students to apologise. The students led by Gujarmal, opposed this suggestion. They argued that as students they were not to blame and should, therefore, not be asked to apologise. The principal, however, was in no mood to listen. Ultimately, the echoes of the incident reached the Maharaja. There, too the young Gujarmal turned Student leader, argued the case of the students fearlessly and sought justice at the hands of the Maharaja.

While Gujarmal was thus engaged in pursuing the case of the students, the last

date for sending the examination fees expired. This meant the loss of a full year for the young Modi.

By this time the business of Mr. Multanimal Modi had grown manifold and he felt the need of someone who could help him in running the family business. The father considered this a Godsent opportunity and asked his son Gujarmal to start attending to the family business.

The young Modi wanted to pursue his studies, but in the face of the firm opinion expressed by his father, who believed that practical experience in life could impart better education than the routine school education, the son yielded. At the same time, being aware of the son's appetite for learning, the father made arrangements for private coaching at home.

The boy started pursuing privately courses in business management, accountancy and other allied subjects. By 1919 he had started working as Munim (Accountant) and cashier at the family shop. A genius learns in mysterious and strange ways; it runs while the ordinary person crawls. The gifted Gujarmal absorbed knowledge of business organisation rapidly. He acquired knowledge of practical aspects of business management and the intricacies of the trade. He worked very hard, spent long hours of his leisure in reading books on commerce, architecture, engineering and marketing. What he missed by not going in for formal college education, he more than made up by the practical training and the dedicated application he brought to bear on his chosen subjects. The father encouraged him in his studies and provided him with opportunities to gain practical experience.

# CHAPTER TWO

## THE FIRST STEP

Those were the days of World War I when businessmen were experiencing difficulties in securing railway wagons for the movement of flour to the markets of Lahore and Amritsar. In the absence of wagons goods had to be transported by bullock carts. This meant higher transportation costs and also stiff competition from the local mills which were able to move their products to the nearby markets quickly and at smaller costs. There were also rumours that one mill owner of Ambala had close connections with the Governor of Punjab, and, therefore, his mill had been able to secure wagon allotments more easily. The young Gujarmal decided to find out the truth behind these rumours. He went to Lahore along with the trusted Munim, Gopal Sahai, and found that the rumour was baseless. A few certificates from the railway authorities was all that was needed to ensure smooth allotment of wagons. This he was able to do. Armed with the certificates, he hurried back to his father who was happy to see how cleverly his son had managed a difficult task. The new step was destined to increase and expand the demand for the products of their mill. The father was so happy at the achievement of his son that he willingly gave him permission to take further initiative in business matters. He also decided to allow his son to equip himself with modern methods of book-keeping. Arrangements for this were made at the local branch of the Punjab National Bank at Patiala.

There is another interesting incident which illustrates the enormous amount of courage and conviction which Gujarmal had developed very early in his life. The Modis were running a wholesale business at Patiala. One day a Marwari businessman came to the shop in an imposing dress and suggested that if the Modis could send their merchandise to Calcutta for sale through him, they could earn a lot of profit. The father thought that the person was an established businessman and commission agent. So he agreed to send the consignments direct to his

Calcutta address and forwarded the hundi (a type of demand note) through the bank. But when the hundi was not honoured by the Calcutta dealer within the specified time, the father got suspicious. The question now was how to pursue the dealer and recover the amount. Gujarmal, then in his twentieth year, offered to go to Calcutta. He was so confident of handling the job. He promised that in case he was not able to recover the amount, he would bear the entire expense of the journey out of his pocket money which, then, was barely Rs. 10/- per month. In the face of the firm determination and confidence shown by the son, the father permitted him to go to Calcutta.

At first, the railway authorities in Calcutta appeared to be reluctant to help Gujarmal trace the whereabouts of the dealer but when the young man threatened legal action, the authorities yielded. The dealer was called and Gujarmal was able to recover the money.

While in Calcutta, the young businessman made a thorough study of the market conditions in the city. It was there that he first learnt about the principles of general insurance business. He saw the signboard of an insurance company outside one godown. With an enquiring mind he went inside to find out what the word insurance meant. Once inside, he was fully convinced about the soundness of the principle of general insurance. On his return home he tried to explain to his father the need to have the family business insured against the risk of fire and other accidents. To this the father agreed.

Very soon thereafter, the family was able to reap the fruit of the wise step taken by them when after a fire accident at their flour mill they got full compensation from the insurance company. This also earned Gujarmal Modi the assistant managership of the flour mill. This was one of the early opportunities for him to show his mettle. He administered the affairs of the mill well and was able to expand its business.

There is one more incident which illustrates his business acumen, and also, incidentally, the magnanimous nature of the Modi family. In those days India used to import foodgrains and wheat from Australia and some other countries. The cost of wheat on arrival at the mill was 4.5 seers (about 4.2 kg) per rupee. While wheat flour from the mill was being supplied to the army at the rate of 4 seers (approx.



3.5 kg) per rupee, its retail price for the poor had been kept deliberately at 5 seers per rupee. At a time one customer was allowed to purchase only one rupee worth of flour from the retail shop. The military officers were annoyed at this apparent disparity in the retail and wholesale prices of flour. Mr. Modi was summoned to explain the position and he stated that the retail price had been kept deliberately low in order to help the poor and the under-privileged. The military authorities were not convinced by the argument and maintained that any talk of philanthropy in this matter was a hoax and that the mill was actually indulging in profiteering by selling wheat flour to the army at higher rates. It appears that there was a heated exchange in which the army officer hurt the religious feelings of the Modi family. This was intolerable to the proud young man and he reminded the colonel that it was not proper for him to use insulting words for the Modi family. The officer became furious and threatened to court-martial him. But Mr. Modi stood his ground. The officer complained to Mr. Modi's father. The father was fully convinced about the reasonableness of his son's stand and would not accept the allegation against him.

Mr. Modi was, however, asked to explain the incident and he reiterated his firm stand that he would prefer to quit the princely state rather than tolerate insults. It was with great difficulty that he was prevailed upon to stay on in Patiala.

In the year 1922 Mr. Modi undertook a tour of important trading and business centres throughout the country. With his hard work and sincere efforts, he was able to win over numerous customers for the products of his factory. Whoever came into contact with him became his customer. Then, Mr. Modi took upon himself the responsibility of reconstructing and re-establishing the mill after the serious fire accident which had taken place earlier. The fire did not dampen his spirits and he was on the lookout for a capable engineer to take up the supervision of the construction work of the mill. He approached Mr. Bhanu Kumar Mathur, a retired engineer who was then living in Delhi. Mr. Mathur had already served the mill as an executive for about 15 or 16 years and had retired in 1916 after getting his son appointed in his place. Mr. Multanimal wanted the factory to be constructed under the able guidance of the engineer. However, the latter did not want to come over to Patiala because there were feelings of extreme bitterness between him and his son. After persuasion, he agreed to come to Patiala

on condition that Mr. Gujarmal Modi would ensure his safety. Mr. Modi agreed to this readily. Sharp at six in the morning he would escort him to the factory site and move with him like a shadow till bedtime. He also took every pre caution to ensure that there were no chances of the engineer being poisoned. Close proximity gave Mr. Modi an opportunity to learn from the engineer the field and desk work required for constructing a mill.

The motto which continued to inspire Gujarmal throughout his career was that the will power to face odds gives rise to courage in man. Right from his early days, he had been an early riser. He would wake up at 5 a.m. and after getting ready, by 6 a.m. he could be seen grappling with his business affairs. The energetic Modi would ride on horseback daily from Nabha to Patiala to supervise the work. He had not only to look after a team of 500 workers engaged in the mill but also the construction work of the building. Cement had to be procured; lime too, was needed and so were bricks, mortar, steel and conduit pipes, and most important was the managerial skill needed to handle all these without loss of time.

Personal supervision meant that for hours together he had to keep standing in the scorching sun. All this kept him busy for 16 to 17 hours a day. But hard work never dampened his spirits. The challenge of ever increasing business activity gave him encouragement. Even after the day's chores he managed to find time to type out replies to a large number of letters.

The new factory was constructed on scientific and modern lines. It took only nine months to be built. His father, by now, was fully convinced that the young Modi had fully developed the sense of devotion to duty. He had, by then, acquired more experience of running an industrial establishment, of building construction, business accounts and engineering than could be expected of a young man barely twenty-two years old. It was reasonable and natural, therefore, that he should be asked to shoulder the responsibility of running the affairs of the new mill.

In 1924 the new factory at Patiala started functioning under the guidance of the young Modi. The traditional family qualities of foresight and prudence helped him to make his way into the business world. His outlook on business was pro-

gressive and socialistic. He showed a deep insight into of business affairs and had a firm grip over the work entrusted to him. He was always willing to set an example of hard work before his workers. Any compromise with the ideal of sincere hard work on the part of an employee was not acceptable to him. He was a strict disciplinarian.

A small incident illustrates well his keen desire to adhere to the principle of disciplined and diligent work. Among the persons employed to keep a watch on the large number of weighmen (Palledars) employed in the factory was one Barumal. He was a clever man. Whenever the father was present in the factory, he would put up a show of real hard work. But the moment the father was away, he would slip into his normal habit of lethargy. But Barumal could not escape the observing eyes of Gujarmal. The result was that one day he was removed from service for dereliction of duty and for indiscipline.

The dismissed employee approached the father for mercy. The father was generous and forgiving. So the young Modi had to bow before the orders of his father. But while reemploying him Mr. Modi warned him to be careful in future. This Barumal could not do. So after one month he was once again given the sack and the large-hearted father had to intervene once again. However, this time the young Modi was unbending and instead of saying anything, he sent in his own resignation to the father. This was surprising and

unexpected but, perhaps, a better way of expressing his strong indignation over the episode. However, the benevolent father would not be outwitted. Having been a magistrate he knew that an erring man could always be won over through forgiveness. He called for the young Modi and made him see reason. While working as Magistrate, the father had let off many an offender with a simple warning. No police officer had ever shown indignation or disgust over his orders. Why, then, should the young Modi feel offended? And then the father had never meant that the erring employee should not be punished in future. He felt that on being forgiven again, the employee might see reason and might mend his ways. Once the erring employee was made to feel sorry for his mistake, it might become a turning point in his life. The young Modi appreciated the wisdom of the arguments put forward by his father.

For he knew that hearts could be won over by sympathy and also that renouncing anger was not only good but also necessary.

This incident helped to soften the young man's heart. Now he started showing a better understanding of his workers' problems. Fury and anger quickly gave way to amiability. For giving and forgetting now became the rule. This welcome change naturally pleased the father. Whenever he was out of town, he would issue orders that all the appeals made to him against the decisions of the son would be heard by the son himself in his absence. Hearing appeals against his own decisions led to a complex psychological process. It was difficult to accept, at first, and more difficult to implement. But the son agreed to undergo the experience and once the new process was underway, it had a wonderful softening effect on him. These appeal sessions had a real, solid effect in shaping and moulding the thought processes; of the man who was destined to hold an eminent place among the top men of the industrial world. This went a long way towards raising the stature of the man as a popular, justice-loving industrial leader and manager.

Very early in his life, Mr. Modi had realised the inherent defects in the indigenous trading practices one of which was to quote different sets of rates to different parties. The prevailing system, to an extent, meant concealing the truth. He preferred the modern system of fixing a specific price for a particular day and then sticking to it for all the deals made during that particular day. For the young Modi, this meant breaking the vicious circle of quoting different price levels to different parties. However, any change to the new system was not liked by his munims who saw more advantages and more profits in the old system. But Mr. Modi was firm and he was able to have his way. Success in later years proved his point, for there came a time when 90% of the indenting parties started placing their orders with the Modis without asking for quotations. Other businessmen of the Modi's stature continued to practise the old system of quoting different prices. They would fix the price of a certain commodity, but when the prices soared, they would change the terms and charge higher rates.

Gujarmal continued to develop and expand his business activities. In 1928, he purchased an old cotton mill, added to it a new oil expelling unit and started the

new venture under the name, M/s. Modi Oil Ginning Mills. In 1929 he planned to start a Vanaspati (hydrogenated oil) factory at Patiala, but official permission for this was not given and he had, therefore, to abandon his plans. In 1930 he was asked to set up a new cotton factory at Nabha for his uncle Mr. Girdhir Lal Modi. This was a clear recognition of his organising capabilities.

Towards the end of the year 1930. the father of Mr. Gujarmal Modi resigned from the post of Municipal Commissioner and the son was nominated in his place. This provided to the son yet another opportunity to serve the common man.

The Deputy Commissioner in those days also used to hold the post of the ex-officio chairman of the Municipal Committee. One day at one of the meetings of the Municipal Committee Mr. Modi put a question to the President which he latter refused to answer. Mr. Modi insisted and when he saw that no answer was forthcoming, he promptly brought forward a noconfidence motion against the chairman. This was a bold and courageous step as the members of the Municipal Committee in those days were government functionaries. In this particular case the chairman of the Municipal Committee also happened to be the brother-in-law of the Maharaja and also the District Magistrate of the town. At that time, the District Magistrate also used to be the Income-tax Officer of the area and was, thus, in a position to exert his influence over the business community of the area. But inspite of the risks involved in this step of which he was fully aware, Mr. Modi remained firm on his daring stand. The members of the Municipal Committee were impressed by the fearlessness and the sense of justice of Mr. Modi. Hectic consultations among the members took place and ultimately when the vote was taken, the no confidence motion was carried and the chairman had to bow out of office. It is remarkable that even the Police Chief of the area voted in favour of the motion.

This was an unprecedented incident in the history of the Municipal Committee and it gave a tremendous fillip to the rising popularity of the young industrialist. He became, in the eyes of the common man, the champion of right causes. People now started showing courage in fighting for their rights and many used to come to him to seek advice in cases of injustice and excesses against them. The



prevailing conditions and his own nature combined to push Mr. Modi into the field of public welfare activities.

The same year Mr. Modi founded the Chamber of Commerce and Industry at Patiala. The spade work for organising the business and trade of the area under the banner of the Chamber of Commerce and Industry was done by him almost single-handed. It was inaugurated by Sir Fredrick Gauntlet who, at that time, was the Finance Minister of the State, and had earlier held the position of the Auditor General in the Government of India. Sir Fredrick was considered an authority on economic issues. The speech which Mr. Modi delivered on this important occasion clearly indicated the high esteem in which Mr. Modi was held in Patiala because of his fearless character.

While engaged in his business pursuits Mr. Modi never allowed any compromise with his sense of self-respect and national honour. In his early days in the princely states he saw that abject surrender and slavery to the British resident officers was the established pattern of behaviour, and the ruling princes were deeply immersed in the pursuit of sensual pleasures and in pleasing their British masters. They developed a sense of hatred and contempt for their subjects. During his frequent visits to these rulers' palaces in the company of his father, Gujarmal Modi came to have fairly good idea of the kind of life these princely rulers were leading. His heart pained to see the steep fall in moral values in their lives. He felt indignant but there was no way to express it.

At last an opportunity to give vent to his feelings came in 1926. Mr. Turner, an Englishman, was working as the super intending engineer in the garage of the then Maharaja Bhupendra Singh of Patiala. His attitude towards Indian officers was insulting and humiliating. In the year 1926 there was a public auction at which Mr. Modi outbided Mr. Turner. This hurt the Englishman's pride and in a fit of anger he started hurling abuses at Mr. Modi. "You, dirty Indian", was one of the phrases which hurt Mr. Modi deeply. It was impossible for this self-respecting person to bear this insult to his person and his nation. He, at once, pounced upon the automobile engineer, slapped him on his face and pushed him to the ground. Mr. Turner used still more filthy language and this enraged Mr. Modi all the more. The result was that Mr. Modi beat the automobile engineer so badly

that the latter became unconscious. At once Mr. Modi became the popular hero and the exemplary courage shown by him was praised by all the Indians present at the auction.

Mr. Modi was happy, for he knew that he had done the right thing. But since an Englishman was involved, it was considered necessary to apprise the Dewan of the State about the whole affair. The Dewan, Raja Daya Krishan Kaul, appreciated the sense of courage shown by the young man, but he had a genuine fear that the Maharaja, who was known to be a blind follower of the British, would not do justice if the case was brought to his notice by the automobile engineer. Mr. Kaul, therefore, advised Mr. Modi to move out of the State for sometime so that things might cool down. He agreed and left for Hapur in the State of United Provinces (now known as Uttar Pradesh). Mr. Salig Ram and Mr. Tara Chand, his two elder cousins, were running a successful business there. From here he had to keep moving to different places for some time.

The atmosphere in British India was quite different from the one prevailing in the princely states, and his brief stay at Hapur naturally afforded him an opportunity to study public life from close quarters. He was able to see how the British rulers generated communal disharmony by following the policy of divide and rule, in order to exploit the Indian people. He was also able to see how the evil of speculative trading was ruining the business community. He himself had been attracted to this type of trading under the influence of his maternal uncle, Mr. Musaddi Lal. However, the failure of a well-established firm, M/s. Tota Mal Jagga Mal made him realise the disastrous effect of speculative trading. He even advised his elder cousins at Hapur to run their business on the industrial trading pattern which he himself demonstrated to them.

Meanwhile, after a week's stay at Hapur, Mr. Modi was called back to Patiala and was produced before the Maharaja. He was asked to explain his conduct at the auction. The question was "Why did he beat Mr. Turner when he knew that the latter was an Englishman and was to be respected as a superior?" Quick came the reply "In that case I have certainly made a mistake, for I had all along thought that in the State of Patiala, there was none superior to the Maharaja, therefore, when an ordinary servant of the Maharaja abused the Maharaja, how could I tolerate it?"

“What did Turner say?” asked the Maharaja.

He said, “You dirty Indian .... Sir, are you not an Indian?”

The Maharaja listened carefully. He knew that perhaps the angry young man was right, but he wanted to take a different stand. He called Mr. Multanilal Modi and told him that he feared his young, irate son might turn out to be a revolutionary.

There is still another incident which illustrates how young Modi had developed a dauntless character and a strong love for discipline and self-respect. In 1930 the Maharaja of Patiala won a suit against the Princely Ruler of the neighbouring State of Nabha. It was an occasion for rejoicing. A public function was arranged to honour and reward those who had helped in winning the suit against the State of Nabha. Prominent men from all walks of life were invited to a public durbar in front of the fort and separate enclosures were set apart for each category of invitees. An official of the reception committee, who was deputed to look after the seating arrangements, objected to one invitee, a prominent citizen, taking his seat on the Chandni (a white sheet)- meant for the gazetted officers. Mr. Modi took this as an insult to all the invitees. He protested and talked to all the invitees present there. This had an electrifying effect. All the invitees including the Commissioner were convinced of the reasonableness of his argument. There was a mild flutter in the durbar and the authorities had to intervene to bring the situation under control. On another occasion, at a party hosted by the Maharaja, the invitees were asked to drink and dance in the Western style, but Mr. Modi refused to do so, much to the chagrin of the Maharaja. In this respect, he was a traditionalist.

By his very nature Mr. Modi never would compromise on matters of principles dear to him. He always had an urge to give a new and dynamic direction to his business activities. The new accounting system introduced by him for maintaining the accounts of his business had been working very satisfactorily and his father, who was not conversant with the new system was satisfied that the new system had neither resulted in any complaint of irregularities nor had it shown any pitfalls.

The cramping atmosphere in the princely states, and the rulers’ unfavourable

attitude towards the setting up of new industrial ventures in the states sapped the enthusiasm and initiative of the business community. at persistence and the father gave his consent on condition that wherever Mr. Modi might set up his new industrial ventures, he would not leave the permanent residence at Patiala.

Patient efforts brought dividends at persistence and the father gave his consent on condition that wherever Mr. Modi might set up his new industrial ventures, he would not leave the permanent residence at Patiala. This the devoted son agreed to abide by. So in 1931 when Mr. Modi had a chance to purchase a flour mill in Bombay, he decided to shift it to a new site in Ludhiana, the industrial hub of modern Punjab. Selections for the posts of engineers and other officers were made and other arrangements too were in advanced stages of finalisation when suddenly Mr. Gopal Sahai, the old trusted munim of the family, brought the news that the father of Mr. Modi was not too happy with this idea. The news was distressing, because by then most of the plans for establishing and running the new mills at Ludhiana had been finalised.

Mr. Modi thought of a way out. He approached his father and assured him that he would come back to Patiala immediately after setting up the new mill. But the father was un convinced of the wisdom of all this. Who would look after the family business at Patiala, was the question which nagged him. Finally, the son had to give in to the wish of his father and it was decided that a new cloth mill at Patiala would be set up instead of the proposed venture at Ludhiana. Official permission for the new mill was obtained. Arrangements for the selection and development of the site too were also made. Plans for the construction work were finalised and selection of personnel progressed well. A capital of Rs. 1.5 million was arranged for the new venture. But just when these plans had



Raj Bahadur G. M. Modi with Shri N. Sanjiva Reddi and Shri N. Bahuguma on the occasion of Founder's Day celebrations at Modinagar.





reached an advanced stage, there came a nasty shock. The civil administration of the princely state had cancelled its earlier permission for the mill without assigning any reason whatsoever. This was enough to dampen the zeal of any new industrialist. But there was no way out except to bow before the will of the Maharaja.

The background for cancelling the permit of the mill was provided by the conditions of political unrest and uncertainty prevailing in British India. There were a spate of strikes and an eruption of general unrest throughout the country in the wake of the non-cooperation movement started under the leadership of Mahatma Gandhi. To the Maharaja the opening of a new mill at Patiala meant trouble from organised labour. Apprehensions in this regard prompted the Maharaja to cancel the permit for the mill.

Mr. Modi was greatly perturbed over the arbitrary and autocratic attitude adopted by the civil administration under the Maharaja. It brought home the painful realisation that life in the princely states meant complete subjugation and humiliation. The sudden cancellation of the licence for the new mill plus the refusal to give licence for the vanaspati unit only accentuated this realisation. The pleasure-seeking luxurious life of the princely rulers was responsible for the industrial backwardness of the princely states. In the Punjab, the conditions were more deplorable. All this aroused in Mr. Modi a keen desire to shift his business interests outside Patiala.

The proverbial last straw on the camel's back in this regard was provided by an incident in which Mr. Sukhdev Sahai, an affluent industrialist from Kanaur (the birth place of Mr. Modi) was humiliated by the State of Hyderabad. Mr. Sahai had not only been decorated with the title of "Raja Bahadur" in the year 1931, but had also lent to the royal heir a huge amount of money in the form of interest-bearing loan. When Mr. Sahai wanted his money back, all that he got was a rebuke and a flat refusal to pay. To this were added insults to his person. The aggrieved Mr. Sahai had to run for his life and seek the protection and intervention of Lord Irwin, the then Viceroy of British India and the Political Agent of the Crown, who was stationed at Secunderabad. As a direct consequence of this episode, he was

forced to sell all his assets including his landed property worth thousand or rupees at throw-away prices to flee the State in the shortest time.

This episode made Mr. Modi take the firm decision to shift his business interests outside the princely State to the territories ruled by the British, where the capital could be better protected and where there would almost be no chance of facing humiliation and insult at the hands of the administrators. However, the problem of convincing the father who was conservative in his ideas about moving out of the State remained. This problem continued to worry the young Modi who was keen to expand his industries and at the same time not to displease his father.

The personal life of Mr. Gujarmal Modi was also not free from troubles. He had to face many misfortunes but that did not shake his self-confidence. Between his first marriage in 1914 and the year 1931, he lost ten children. In 1931 there was yet another misfortune in the family when his only surviving daughter from the first wife died. His first wife had been suffering from what is known in medical parlance as a fibroid uterus and was therefore unable to bear healthy children. This caused great disappointment to the young Modi who was a staunch believer in the Hindu way of life in which the birth of a son is considered essential for ensuring salvation after death. The absence of a male issue in the family made him ponder over the futility of this world. Mr. Modi started brooding. For hours together he would sit and meditate. What was the use of all the wealth and honour when there was no one to share them with, he wondered. He left for Haridwar, the sacred town on the banks of the river Ganga and stayed in the jungles of Rishikesh for many days in search of peace of mind. His father hinted that the family might adopt his younger brother, Mr. Harmukh Rai, as a son. This was resisted by Gujarmal. The bold reaction shown by him to this suggestion speaks volumes of the mental make-up of the man. "If the void created by the absence of a male issue in the family can be filled in this way", he said, 'I can regard the sons and daughters of the whole mankind as my own'. Adoption of a male issue, thus, became out of the question.

Then Mr. Modi's father-in-law hinted that he would be willing to give the hand of his younger daughter in marriage to Mr. Modi, but he declined the offer. Meanwhile his worries continued to grow and this had an adverse effect on his physical

health, and a time came when he had to agree to a proposal made by his father for a second marriage. Thus on 19th June, 1932 Mr. Modi was married to Dayawati, daughter of Mr. Chheda Lal of Kasganj, in District Etah of Uttar Pradesh. As was expected, the second marriage brought him a new lease of life. The mood of gloom and melancholia gave way to a fresh zeal and desire to live and work. The young man started taking full interest in his business activities. Sir Fredrick Gauntlet, the old trusted friend of the family, had all along been advising him to undertake new industrial ventures. By now, he had several plans up his sleeves. but obtaining the consent of his father still posed a problem.

There was, however, one ray of hope. Over the past few years Mr. Janki Das, the trusted Munim, who was of the same age as Mr. Modi, had become quite familiar with the new accounting system. This provided a welcome relief to Mr. Mudi. If he had to be away from Patiala for some time, he was now confident that accounting would go on without difficulty. By now, the father, too, had come round to the view that the son should go ahead with his plans to expand his industries. But the wise father also knew that in youth one is prone to indulge in day-dreams. He did not want the family money to be frittered away in experiments. Yet, he would have liked his son to depend upon himself for finances to run the new industrial ventures, as he himself had done. When the young Modi came to know this, he was overjoyed.

He felt that the new ventures might keep him unusually busy for some time. So he sent back his bride, Dayawati to her father's home and left for Delhi with a meagre amount of Rs. 400/- in his pocket. This was the beginning of the industrial career of this enterprising youngman who was destined to carve out a place for himself in the world of industry.

# CHAPTER THREE

## EARLY STRUGGLES

It was a clear September day in 1932 when Mr. Modi started on his journey from Patiala. He was determined to launch new ventures in the field of industry. He was not sure of what he was going to do, but he was confident that whatever he would do would be great. He decided to go to Delhi, which being the capital of India promised good prospects for a young industrialist.

On reaching Delhi, Mr. Modi stayed in a hotel and paid Rs.150/- as advance rent for one month. Immediately thereafter he started scanning the city and its neighbourhood in search of a suitable place for a new industry. However, even after a week of running about he remained undecided. Suddenly one evening as he was taking stock of the efforts made by him so far, he realised that though Delhi was the metropolis of India, Calcutta as the industrial city established by the British, still retained its glory as the seat of industrial power. To him Calcutta offered better possibilities for establishing a new industry. He, therefore, decided to try this luck there.

While at Patiala, Mr. Modi had been keeping in touch with Mr. Narayan Das Bajoria, one of his trusted friends, who had established his business at Calcutta. A regular exchange of ideas had been taking place between the two. Now at Calcutta after hurried consultations it was decided that in view of the ever-increasing demand for vanaspati (hydrogenated vegetable oil ) it would be better and, perhaps, wiser to go in for a vanaspati manufacturing unit.

Until the year 1932, Vanaspati as a substitute for pure desi ghee was being imported into India by British firms from Holland. Mr. Bajoria intended to start a vanaspati unit in the country but he was not able to arrange the finances required for this. Mr. Modi had earlier toyed with the idea of starting a Vanaspati industry in Patiala, but could not implement his plan owing to opposition by the State

administration.

Having set his mind on the Vanaspati industry, Mr. Modi started to mobilise financial resources for the venture. In the meantime the Government, all of a sudden, announced an increase in duty on sugar imported into India. The step was meant to curtail import of sugar and encourage its indigenous production. There was, therefore, immediately a spurt in interest among the business community for establishing sugar mills. This inspired Mr. Modi to begin his new industrial career with a sugar manufacturing unit and he decided to move out of Calcutta in search of a suitable location for a sugar mill. At Hapur, in UP, he met his cousins, Mr. Saligram and Mr. Tara Chand, and his maternal uncle Mr. Musaddi Lal who were in the speculation business. Mr. Modi called a meeting of prominent businessmen there and persuaded them to accept his plan. His cousins agreed to help him.

The problem of mobilising capital was, thus, partially solved, but the selection of a suitable site continued to present obstacles. For sugar industry several pre-conditions are of prime importance. The land around the area should be suitable for the cultivation of sugarcane. It should also have a railway station nearby for ensuring quick and prompt transport of sugar and sugarcane besides the facility of postal links for purposes of communication. Plenty of soft water and proper facilities for drainage are also needed. Lastly, the available land should be sufficient to allow future expansion of the industry.

Mr. Modi collected a small folding chair, a cotton mat and a few things to eat and started his survey journey by a car loaned to him by his relations at Hapur. He visited several places in and around Hapur, and while on his way from Delhi to Meerut he passed through Begumabad, a little known place till then. He stopped his car at a lonely spot, a stretch of wilderness in the surrounding irrigated area. This was a sandy area overgrown with grass and thorny bushes. The place was almost equi-distant from Hapur and Meerut, both these places being roughly 24 kms away, and about 50 kms from Delhi. The area lay along the main highway. He felt that this would be ideal for establishing a sugar mill.

On his return to Patiala he told his father about his great idea of setting up a factory at Begumabad. He got the curt reply that he would have to arrange the

finance himself. Mr. Modi readily agreed. He acquired practically the whole of Begumabad village and started developing it. What was once a desolate area infested with reptiles and dangerous criminals, soon became the nucleus of an industrial township, humming with new life. That was the birth of Modinagar 45 years ago.

Within a few months' he raised the money required to put up a sugar factory, which was set up in 1933. However, nature and man, both seemed to be pitted against him. In the very first year of the launching of the factory, the sugarcane crop was poor because of an indifferent monsoon. The landlords in the area were angry because their agricultural labour was being weaned away by better opportunities for work in the newly started factory. Undaunted, Gujarmal set out to overcome the problems. He convinced the landlords that industrialisation of the area would be to their advantage as the value of their landed property would appreciate. With the development of roads in the area their markets would increase, he told them. By offering secure round-the-year employment he released landless labour mostly harijans, from veritable bondage. He exhorted the small traders of Hapur and other nearby towns to invest their money in industry for national development as well as personal advancement, instead of indulging in speculation. He brought them together under an association for that purpose.

Strange as it may sound, the industrial magnate in the making went around on a bicycle for these missions. Visiting villages far and wide, he individually carried to the people his message of prosperity through industry. He persuaded his relations everywhere to buy shares in the industry he was establishing. Though less discernible, this kind of spade work he had put in at the personal level was as much responsible as his business acumen and managerial skill in developing Modinagar into what it is today.

Acquisition of land for the factory presented several complex problems, but these were tackled smoothly by the tactful handling and the sympathetic attitude adopted by the young industrialist. He obtained the land on hire and on lease. The first man with whom he developed intimacy there was Mr. Ram Sarup, whose brother was the honorary magistrate of the area, and who helped him a lot by driving home to the village-folk the importance of industrialisation.



The simple village people were won over through the immediate prospect of increased opportunities of employment, and the educated rural elite were tackled through discussion and persuasion.

Gradually, Mr. Modi was able to get about 100 bighas (approximately 62 acres) of land, and work on the factory was taken up in right earnest. A brick kiln was set up quickly and a place for preparing materials for the foundation was selected in the nearby village of Sikri Khurd. The level of the railway line running along the area was enough to serve as a rough guide for deciding the plinth level. The construction work of the factory was taken up with great speed. Even while the work was in progress, orders for the machinery required for the mill were placed with a firm in England. From morning till evening Mr. Modi would remain busy at the construction site and then at night, he would attend to the correspondence.

When the father learnt about the venture of his son, he was visibly moved because the success achieved by the son was beyond his expectations. He decided to go to Begumabad to see with his own eyes the ambitious venture of his son. When he went to the construction site, he marvelled at the organising ability of his son. To show his appreciation and to encourage his enthusiastic son Mr. Multanimal Modi offered to purchase shares worth Rs. 200,000 in the new venture. This gesture had the desired effect and Gujarmal set upon his task with added vigour and decided to increase the initial capacity of the plant from 600 tons to 800 tons.

## CHAPTER FOUR

### EARLY STRUGGLES

Work at the site of the sugar factory progressed without much difficulty. However, after the construction was complete-the plant equipment was installed at an expenditure of Rs. 11,00,000 and the factory came into actual operation on 15th September 1933- there were some serious and dampening developments. The drainage of the effluent proved a problem. For sometime, the pits of the brick kiln served the purpose but soon the pits were filled to capacity and could not absorb any more water. The residents of the village Sikri, apparently under the influence of the landlords of the area, were bitter on account of the setting up of the sugar factory near the area of their habitation. As a protest they had constructed a bund on the outskirts of the village thus obstructing the drainage of the effluent. The landlords of the area were at the back of these irate villagers because the farm labour, which used to be employed by them on low wages was engaged at the construction site on higher wages and with brighter prospects of getting absorbed in the factory.

These villagers of Sikri not only constructed the bund but also mounted guard over the embankment of the bund fearing that the factory owner might attempt a forcible breach of the bund. But breaching of the bund was essential in order to drain out the accumulated effluent of the factory. All efforts to persuade the villagers to allow the accumulated effluent to pass through the bund failed. Mr. Modi, thereupon, thought out a novel plan. He knew that the area was infested with dacoits belonging to the Maria tribe who used to loot people passing along the highway as well as through the busy area. There was, on this account, an understandable fear among the villagers and no one dared to move out of the village after dusk. Mr. Modi chalked out a plan to scare the village watchman away from the bund, but kept it a close secret. A man was taken into confidence and was told to go to the bund site at the dead of night and cry 'Mar gaya, mar

gaya', (killed, killed) at the shot of a fire gun. Mr. Modi himself along with the construction engineer went to the bund on a stormy midnight. Mr. Modi fired a few rounds. The scheme had the desired effect, for the village watchman ran away to safety. This facilitated the work of cutting breaches into the bund and the effluent was drained out.

But the problem, though solved for the time being, continued to stare Mr. Modi in the face, for the villagers who were outwitted and beaten still nursed ill will against him. Then, Mr. Modi adopted the wiser policy of wooing the angry villagers till some alternative for draining out the effluent was devised. He offered them assistance in cash and kind to reconstruct their houses, to reclaim their land and to make up for the loss suffered by them. Thus, he was successful in getting over the antagonism of the villagers.

The setting up of the sugar factory at Begumabad was just one step towards the realisation of the dream of a new industrial empire cherished by Mr. Gujarmal Modi. The sugar factory was ready for operation by the middle of September 1933 and there were full two months to go before the new sugarcane crop was expected for crushing. But Mr. Modi would not wait. He was anxious that the factory should start functioning as early as possible. Therefore, one fine morning he summoned all the engineers employed in the factory for consultation. He explained his anxiety and wanted a solution. After discussions it was agreed that the intervening period of two months should be utilised to convert raw sugar and gur into refined sugar with the help of the sugar refining unit of the factory.

Thus, by the end of October that year 35,000 maunds (about 2,880,000 lbs) of raw sugar was converted into refined sugar. This operation resulted in a loss to Mr. Modi, but his enthusiasm was unabated. He set his eyes on the new sugarcane crop which was expected shortly.

There was, however, a new development. By this time, about 30 more sugar mills had been established in the country and they had mopped up almost all the best talents in the field. There was, therefore, a shortage of able chemists and other technical personnel to man the sugar factory. Mr. Modi wisely decided not to confine his search for capable technicians inside the country alone, but to extend it outside as well. Within a reasonable time he was able to secure the service

of an experienced chemist from Holland and two experts from Jawa.

The conditions dictated by the foreign technical hands included high salaries, signing of a written agreement, comfortable stay in a well-furnished bungalow, free services of two whole time servants at home and summer stay at a hill resort. Judging by the living conditions in Europe during the recession of the 1930s, these were really exorbitant demands. But, then, one had to think of the industrial prospects. Mr. Modi, therefore, agreed to all the demands. He hoped that foreign technical hands would be able to show better results in a market in which there was a dearth of capable men. But these foreign experts could not deliver the goods. Production did not show any upward trend. This was a time of grave trial for him. He thoroughly investigated the cause of failure and was at last able to locate it. He found that the Dutch chemist had been neglectful in discharging his duties. Taking a cue from him, other officers, too, had started ignoring their duties. A big percentage of the sugar was going down the drain unutilised and the uneducated rural workers were not amenable to discipline. Many absented themselves from duty without prior intimation.

In order to improve matters, Mr. Modi decided to stay within the factory premises for all the 24 hours. His presence in the factory had a miraculous effect, for within two weeks conditions in the factory showed a marked improvement. The workers started putting in their sincere effort and the result was that while sugar mills in the adjoining areas of Meerut and Mohiuddinpur continued to show losses, the Modi mill showed a profit.

After the first crushing season was over Mr. Modi left for Patiala, his ancestral home, as it was the off season and there was no work in the factory. The second season at the factory brought in its wake a spate of new problems. The traditional habit of the Indian farmer was to make gur from the sugarcane and it was difficult to induce him to sell his produce to the mill. Low sugarcane yield added to the problem and then there was the problem of creating the infrastructure of roads to facilitate the transportation of sugarcane from the farm to the factory. There was also, at the social level, the traditional caste prejudice of Hindu landlords against Harijan workers who had been serving them as bonded labour. The employment of this labour, by the mill had naturally infuriated the vested inter-

ests in the landowning class. But Mr. Modi would not listen to the suggestion that Harijan labour should be ousted from the factory to appease the irate landlord community. Instead, he rendered financial assistance to the Harijan workers.

The forces of nature too appeared to pose a challenge to the young entrepreneur. The year 1934 saw the failure of monsoon and the consequent failure of the sugarcane crop. Added to this was the attack of frost which ruined whatever prospects of the crop were left. This meant a period of crisis for the sugar industry. There were two alternatives now, either the factory should be closed down or sugarcane should be transported from far-flung areas of Hardoi, Shahjahanpur and Bareilly.

Sugar mills in Meerut and Mohiuddinpur, too, were facing a similar crisis and the impression was gaining ground that it was impossible to run sugar factories in Western Uttar Pradesh. One industrialist from Delhi came forward with the suggestion that if all the factories in the area were put under his control, he would be able to solve their problems. But Mr. Modi decided to test his luck alone.

While Mr. Modi was facing adverse circumstances at Modinagar, conditions at Patiala were no better. In the absence of the enterprising son, the father had been incurring heavy losses in his industries and the army supply contract business. Whatever little was earned from the managing agency business was neutralised by the heavy losses sustained at Patiala. This had given a big jolt to the father who sent a frantic call to his son to come and help him. The young Gujarmal decided not to lose heart in the face of the mounting difficulties.

The third crushing season saw Mr. Modi sitting with his fingers crossed. This season, too, production of sugarcane had been much below the estimate. The profits made during the months of January and February had been offset by the loss incurred during March and the only alternative now was either to bring sugarcane from other areas or to close the factory earlier and face losses and admit defeat.

Besides, Mr. Modi faced another kind of difficulty also. The sugarcane brought from far-flung areas gave less sugar because of inversion in the juice. As a result, the production of sugar was less and the percentage of molasses increased. This

posed a problem which had no easy solution. As if Providence came to his help at this juncture, one day when Mr. Modi was having his afternoon nap, he saw the figure of a Mahatma (an ascetic) in his dream. At first the figure was unclear and hazy. But gradually it became clearer and started talking to him. The Mahatma suggested to him that if a certain amount of fresh milk of lime was added to the sugarcane juice, it would solve all his problems. Mr. Modi woke up in astonishment.

He had never met anyone resembling the figure which he had seen in the dream. Yet the figure appeared to be familiar and re-assuring. He got up and began to recollect what he had seen in the dream. The sub-conscious in him helped him to recollect all that the Mahatma had said in the dream. He called for the Dutch chemist and related to him his astonishing dream. The Dutch expert laughed at the idea of using milk of lime and would not test it. But the young Gujarmal was so convinced about the correctness of the suggestion in the dream that he decided to try it. He told the Dutch expert to quit and entrusted the task of working on the idea to Mr. Desraj Narula, who was then working as manufacturing chemist in the factory.

The novel idea suggested by him proved miraculous, for the very next day Mr. Narula came running with the happy news that production in the factory had gone up from 400 bags to about 500 bags per day after the new idea had been put to test. Chemical analysis, done later at different laboratories, revealed that the new process discovered by Mr. Modi had the effect of reversing the process which was responsible for the low recovery. What had been happening so far was that when sugar cane juice was kept for a certain period of time, it became sour and acidic and this inverted the sucrose content in the juice and turned it into molasses. The addition of fresh milk of lime had the effect of checking the inversion thereby yielding higher quantities of sugar. Today, it is customary to use this process in the sugar industry, but in the 1930s when the sugar industry in India was still in its infancy, this discovery was of major importance, for it gave an amazing boost to the production of sugar in the country. This achievement is all the more remarkable as it came from a person who did not have any formal technical knowledge of the sugar industry.



# CHAPTER FIVE

## FRESH LAURELS AT HOME

Mr. Modi was pleased at the success of the new discovery made by him on the basis of the revelations made to him by an unknown Mahatma in a dream. The new discovery had facilitated a better recovery of sugar from sugarcane juice. In the summer of 1936 he decided to go on a short holiday to Kashmir. But before undertaking the trip, he thought it better to have an audience with the then Maharaja of Patiala.

The Maharaja was already impressed by the qualities and capabilities of Mr. Modi. He decided to put him to a test. Mr. Hari Krishna Lal, a well-known industrialist of Bhatinda in Punjab owed large amounts of money to the State exchequer. He had a wide net-work of industries in different parts of the state and had secured loans from the State Bank of Patiala against the security of these industrial units. The Chief Minister of the State, Mr. Liaquat Ali Khan, and the Finance Minister, Sir Gauntlet, had failed in their efforts to realise this money from him and the Maharaja wanted to entrust this work to Mr. Modi. The Maharaja offered the services of 100 strong band of armed guards to help him in this work. Mr. Modi declined the offer of security guards but readily accepted the task. He abandoned his holiday plans and decided to proceed to Bhatinda the same day.

The Manager of the mill at Bhatinda was a British national and in those days when the Political Agent of the British Government had control over every field of activity, this manager was able to wield tremendous influence in public life. Even persons in high office did not dare enter the premises of the factory which was under his charge. Mr. Modi, however, decided to undertake the arduous task of taking over the management of the mill by using this very British Manager and his Indian secretary, Mr. Tara Chand. He invited both of them to tea at the Rest House and while both were busy enjoying a cup of tea, Mr. Modi quietly

made his way to the factory with the intention of taking charge of the mill in their absence. Taking charge of the keys of the cash box proved very easy because the chief cashier was overawed by the personality of Mr. Modi and did not suspect any foul play. He readily agreed to hand over all the keys of the cash box. Once this was done, the remaining task did not present any hurdle. With his deft handling of the situation, Mr. Modi succeeded in achieving his seemingly insurmountable goal without the use of any force. As a gesture of goodwill, which also reflects his tactfulness, Mr. Modi allowed the British manager to continue in his post. When the Maharaja heard the happy news, he was overjoyed and he decided to appoint Mr. Modi as the official receiver of the mill. This was a unique honour for Mr. Modi because normally this post is reserved for one who is acquainted with law or who is in the legal profession.

When Mr. Hari Krishna Lal heard the news, he was beside himself with fury and immediately lodged a complaint with the British Government against the ruler of Patiala. In his complaint Mr. Lal alleged that the factory at Bhatinda had been taken possession of by force. The Maharaja in those days was not on good terms with the then Viceroy of the British Government and he feared some legal action might be taken against him. Mr. Modi was, therefore, summoned once again for consultation. But the latter had accomplished the whole task without leaving any legal flaws whatsoever. Therefore, when the Political Agent started the enquiry, he was shown the transfer deed signed by the Manager and the secretary of the mill. This totally belied the allegation of use of force and so the Maharaja was acquitted of the charge. This second achievement was certainly greater than the first, for the Maharaja now began to have full trust in him and started consulting him on every important matter concerning the State. These incidents obviously added to the self-confidence of Mr. Modi.

While working at the Bhatinda mill, Mr. Modi had the opportunity of testing the behavioural pattern of the bureaucracy. The factory was being run efficiently under his able guidance. A small tract of land and a few villages formed part of the fixed assets of the factory and Mr. Modi decided to auction them. An advertisement was, accordingly, issued. But the then Deputy Commissioner had his eyes set on this auction. He approached Mr. Modi and suggested that if one village and a part of the land were given over to him at a lower price without auctioning

it, he would be willing to share half the amount thus saved with Mr. Modi. When Mr. Modi declined the offer, the Deputy Commissioner felt offended and sought an opportunity to take revenge.

One such occasion came his way when the Revenue Minister of the State paid a visit to the office of the Deputy Commissioner. Word was sent to Mr. Modi to send one slab of ice from the factory and as expected, no money was sent for it. Mr. Modi sent the slab as requested but paid its price from his own pocket. The Deputy Commissioner made a note of this incident for future use. On another occasion Mr. Modi had to travel to Bhatinda in the company of his father. While the son used to travel first class, the father always preferred to travel second class. As usual, Mr. Modi purchased a first class ticket but, in deference to the wishes of the father, decided to travel with him in the second class. The Deputy Commissioner thought that this was another good occasion for him to take revenge. Immediately he took action. A photograph of Mr. Modi travelling in the second class was taken and a complaint was lodged with the Maharaja alleging that Mr. Modi had been giving away slabs of ice to people without charging any price and that while he had travelled in the second class, he had charged for first class.

The photograph was presented in support of the second allegation. This was sufficient to create an element of doubt in the mind of the Maharaja who summoned Mr. Modi and asked him to explain his conduct. Mr. Modi had to show that he had actually purchased a first class ticket but was obliged to sit with his father in the second class. Similarly, he was able to prove that he had paid the price of the ice from his own pocket. Mr Modi, was, thus, exonerated, but this incident shook his faith in the bureaucracy. He realised that an officer was an officer first and a friend afterwards.

But in the mind of the Maharaja, this incident created a tremendous amount of goodwill for Mr. Modi. He was extremely pleased with his blotless conduct and offered him a contract for the factory at a concessional rate. However, Mr. Modi preferred to let his cousin, Mr. Harnam Singh Modi, become manager of the factory, and kept himself aloof from its affairs.

# CHAPTER SIX

## EARLY STRUGGLES

Mr. Modi now concentrated his attention on the development of industry at Begumabad. The third crushing season had brought in its wake a few more serious threatening problems. Production of sugar during these years had crossed the demand and in view of the glut in the market, the sugar factories were obliged to sell their product at below-the-cost prices. This was a period of crisis for the industry. Mr Modi then hit upon the idea of organising the sugar factory owners into a syndicate which would control the price levels and also regulate the flow of sugar stocks in the market. Official blessing came forth readily and thus Mr. Modi was able to tackle one serious problem of the industry at least temporarily.

While the year 1936-37 was the year of crises for the sugar industry, the year 1938-39 saw it achieve maturity and stability. This year saw the birth of Sugarcane Development Cooperative Societies. The concept of having command areas for sugar mills was also introduced during these days. All the farmers in a particular area were organised into one cooperative society and all the supplies of sugarcane to a particular mill were regulated with the assistance of the cooperative society working in that area. The factory owners quickly realised the importance of these societies and a commission of one per cent was fixed in order to build up the finances of these societies. The amount thus collected was utilised to repair, improve and augment the network of roads in the area. Almost all the new roads which were laid in this area during the course of the early years were constructed by these cooperative societies which also played a leading role in improving the lot of the farmers. The growers were now assured of a certain fixed price for their produce and they had no longer to wait in never-ending queues outside factories. With his untiring efforts Mr. Modi was thus able to put the sugar industry in Western U.P. on a stable footing.

At the same time, the welfare of the workers was not neglected by Mr. Gujarmal

Modi. In 1938 a water supply system was laid by him to tackle the basic problem of drinking water for the workmen employed in the factory. One medical officer was also appointed to look after the health needs of the labour force and the medical facilities available at the hospital were thrown open to the general public.

The sugar factory provided only seasonal employment to labour and was not conducive to the establishment of the industrial town envisaged by Mr. Modi. He had been, therefore, on the lookout for some other factories in order to provide year round employment to the workers and be able to give them an opportunity to stay near the place of their employment. After considering several schemes Mr. Modi decided to go in for a vanaspati manufacturing unit. He had already toyed with this idea in 1928 at Patiala when his plans were frustrated because of the refusal of the then Maharaja to grant him necessary permission. At Calcutta, too, his plans in this regard had not materialised in 1932 because he was not able to mobilise sufficient capital to establish the factory. A better opportunity came his way in 1939. This was the time when Germany was engaged in hectic preparations for World War II. Transport of civil material at that time was given a very low priority. However, Mr. Modi managed to import all the machinery needed by him for establishing the factory, and by the end of June 1939 the new factory started operating.

In those days the vanaspati manufactured and marketed by M/s. Lever Brothers, Bombay (now M/s. Hindustan Lever Ltd.) was very popular and it was giving the highest percentage of profit to the company. Their factory in India was the first of its kind, and when the Modi Vanaspati Manufacturing company started functioning, the management of the Lever Bros., did not like it. They offered to purchase all the assets of the factory at double the amount of money invested. Mr. Modi rejected the offer outright. This enraged the management of Lever Bros., who decided to force Mr. Modi into submission. The strategy of underselling their product was adopted in the area served by Modi's Kotogem and the result was that in areas like Meerut and Ghaziabad vanaspati manufactured by Lever Bros started selling at below-the-cost prices. Mr. Modi had anticipated this and he also knew that if he could face this cut throat competition for some time, he would be able to win. This competition went on for about a year and at the end

of this period Lever Bros., was forced to reverse its strategy.

The progress of World War II gave a boost to the demand for vanaspati which in turn resulted in a rise in price. Vanaspati, therefore, became a gold mine and Kotogem, too, became very popular. By this time Modis had started using cotton seed oil for the manufacture of vanaspati.

Tatas too implicated Modis into a copyright suit concerning the use of the brand name of Kotogem and threatened to spend huge amounts of money to pursue the case. When they did not succeed in the lower court, they went up to the High Court, but there too they could not substantiate the charge of the infringement of copyright and had to pay the costs under a High Court decree. In 1940 Mr. Modi established a washing soap factory by utilising the waste sludge resulting from the processing of vanaspati.

After his initial success with the washing soap project, Mr. Modi decided to go in for a toilet soap factory. This was no easy task, for no soap manufacturer in the organised sector was willing to reveal the details of his manufacturing process. He visited Varanasi and saw some small-scale factories but this did not satisfy him. Thereafter, he went to Calcutta and sought the help of his friend Mr. Bajoria, but here, too, he did not succeed. He was disappointed, but he refused to accept defeat. Suddenly one day he thought of a clever plan. He made his way to a big soap-making factory in an ordinary dress on the excuse of getting some drinking water. He secured entry into the factory premises and was able to talk to one Bengali gentleman, Mr. Das Gupta, who he learnt later, was the chemical engineer of the factory. Mr. Modi approached him as an ordinary, innocent person and enquired, "What do you manufacture here, Sir?"

"Toilet soap", was the reply.

"Really? Can toilet soap be manufactured in India?" Mr.

Modi asked in amazement.

"Why not", replied the chemical engineer, and in order to reassure the unfamiliar visitor, he offered to show him round the factory. This provided Mr. Modi the much-needed opportunity to study the soap-making process. It was here that



he came to know that the white oily substance which was stored in the factory in huge wooden barrels and was being used in the manufacture of toilet soaps was nothing else but tallow.

“Can’t we manufacture toilet soap without the use of tallow?” Mr. Modi enquired.

“No” said the chemical engineer, “for it is only tallow which keeps the soap cake hard and dry.”

“I can make it possible”, asserted the visitor. “Will you use vanaspati?”

“Yes”

“But that will be a costly affair.”

“Sometimes sentiments have more value than money,” asserted the visitor.

This casual acquaintance between the two grew and Mr. Modi was able to persuade Mr. Dasgupta to join his toilet soap making project at Modinagar. And, thus, the year 1941 saw the emergence of the toilet soap factory at Modinagar. Modis started manufacturing soaps under the brand names, Modi No.1 and Perfect soap.

In 1941 came the Modi Tin Factory to fulfil the demand of the vanaspati unit for tin containers. The construction of the Modi Hospital too was taken up the same year. By now the ever-expanding activities at Modinagar had come to a point where Mr. Gujarmal Modi had to decide to cut off his links with Patiala.

The year 1941-42 saw many countries get involved in the World War and the British Government was hard pressed for resources and for arranging civil supplies for the armies. It wanted to involve its protectorates too in the war effort. In India several new industries were set up to provide civil supplies to the armies. The biggest need of the hour was food and clothing. Some way had to be found to process dehydrated vegetables and other foods for the armed forces. An English General was asked to explore the possibilities of setting up such industries in India. The General came to this country and called a meeting of the leading industrialists. He was surprised to see that no one was willing to come forward to set up any such industry.

Mr. Modi was the only industrialist who came forward and offered to try his hand in this line. He was given one month's time to submit his scheme. Mr. Modi had to start from scratch because the necessary technical know-how for such an industry was not available in the country. Mr. Modi was all the time thinking about making a blue-print of the machinery for the factory. Suddenly once again he saw the image of the Mahatma in his dream. The image was clear and familiar. On his request the Mahatma took him to a plant in Germany,



Shri Gujarmal Modi in discussion with Shri Jawahar Lal Nehru during his visit to Modi Nagar.



and showed him the different parts of the machinery. When the reverie broke Gujarmal found himself lying on his cosy bed. He was overjoyed as the dream sequence had set his mind at rest. He sketched a blue-print. A wooden model of the dehydrating machines was prepared on the basis of the rough sketch provided by Mr. Modi which was later on improved and incorporated into prototype machines which were further improved for the factory. Thus on 28th May 1941 was born the Modi Food Products, based entirely on the ideas provided by the enterprising young industrialist.

On 18th Decemocr I 941, this factory was separated from the sugar factory and converted into a public limited company. Sometime later a new company, Modi Supplies Corporation Ltd. was set up to process dry fruits into cakes and tablets for the use of the armed forces. The dehydrating plant of the Mod is was the first of its kind in the country. The dehydration process was patented by Mr. Modi and dedicated to the Government of India.

Meanwhile, Mr. Modi continued to expand facilities for his workers. They were given canteen facilities at Modinagar and a school was opened for the benefit of their children. In 1942, Mr. Jawahar Lal Nehru, Leader of the National Movement, visited the School and a purse was presented to him. Mr. Nehru is reported to have quipped: "Is it meant to stop me from inciting your workers?" Pat came the reply from Mr. Modi, "If an outsider can exercise so much influence on my workers, one can imagine how much influence I have over them." Mr. Nehru was pleased and he praised the sense of goodwill shown by Mr. Modi towards his workers.

The title of Rai Bahadur was conferred on Gujarmal Modi at a formal investiture ceremony held at the Government House, Lucknow, on 28th November 1942. His Excellency Sir Maurice Hallet, the Governor of the then United Provinces, read out the citation that Mr. Modi had "not only rendered a valu-able contribution to supply" but had also shown himself as "a generous helper of all good causes" and had "considerably contributed in the furtherance of the War Effort."

The same year Mr. Modi established a girl's school for the benefit of children of the workers employed at Modinagar.

All these years he had not been oblivious of Mahendra Garh, his birth-place. He

took a number of measures for the welfare of the people of the area. In 1942 he constructed a Women's Hospital at Mahendra Garh in the memory of his grand-mother, Mrs. Jai Devi, and handed it over to the Government. The hospital fulfilled the long-standing need for a women's hospital in the area.

Mr. Modi also felt that there should be a high school at Mahendra Garh. There was only one middle school for the villages surrounding this town. In 1943, Mr. Modi established a higher secondary school under the name of Yadavendra Multanimal Modi Higher Secondary School.

The Government of India was so far importing biscuits from abroad. In 1943 Mr. Modi was encouraged to set up a biscuit manufacturing factory. Construction of the factory was promptly taken up, the machinery was imported and the factory started manufacturing a variety of biscuits two years later. Simultaneously, a confectionary plant was also set up.

Rai Bahadur Multanimal Modi Charitable Trust was formed in the same year in order to carry on various public welfare activities. The rules of the Trust were approved at its first meeting held at Patiala under the Chairmanship of his father. A cash grant of Rs. 10,00,000 and a Guest House at the pilgrim centre of Hardwar comprised the first donation made by Mr. Multanimal Modi to the Trust.

Modi Oil Mills was set up in 1944 to meet the needs of the vanaspati unit for pure cottonseed oil and groundnut oil. As a token of his love and affection for the Jawans, Mr. Modi constructed an imposing Sainik Bhawan at Meerut and dedicated it to the Jawans.

Acquisition of land for constructing living accommodation for the ever-increasing labour force employed at Modinagar presented a problem. Mr. Modi was able to persuade the Government to hand over to him a military camping ground opposite the sugar mill. A scheme for construction of living quarters for the workers was taken up. In 1944, when the oil mill was established, another dispensary was set up for the benefit of the workers there.

By this time, Modi High School had started attracting an increasing number of students from the surrounding villages. The construction of boys' hostel for these students was, therefore, taken up in 1944 and completed in 1945. Construction

of a teachers' colony was also taken up the same year.

The year 1945 saw the end of World War II. The British Government heaved a sigh of relief at the end of the war. As a natural corollary to the end of the war, industries like Modi Food Products and Modi Supplies Corporation were wound up. In appreciation of the services rendered by him during the war period, Mr. Modi was taken in an imposing procession through the main streets of Meerut. At the head of the procession Mr. Modi was seated on a well decorated elephant and along with him sat the District Magistrate. Another elephant carried the Additional District Magistrate and the Tehsildar of Meerut. The military parade which followed these elephants passed through the main road of the city. Coins worth Rs. 5,000/ were showered by the Government on Mr. Modi.

It was at this time that the Government thought of conferring knighthood on him as a mark of further appreciation of the valuable services rendered by him. When Mr. Modi's father was informed about the Government's desire, he is reported to have remarked that it would be better if some 'Indian' title was conferred on the son. Mr. Modi conveyed the wish of his father to the Governor who suggested that instead of 'knighthood' the title of Raja Bahadur might be conferred on him. The Governor conveyed his suggestion to the Viceroy. The problem, however, was that this title was generally conferred on big landlords or on those who owned village property or were owners of farm lands. Mr. Modi neither owned any villages nor was he a big landlord. In order to remove this difficulty the Governor suggested that the colony set up by Mr. Modi near Begumabad be named Modinagar and in his capacity as the founder of the colony the title of Raja Bahadur be conferred on him.

In 1945, therefore, the industrial colony founded by Mr. Gujaral Modi was formally and officially named Modinagar. The names of the post office, Railway Station and Police Station also were changed from Begumabad to Modinagar.

The year 1945-46 saw events of major political significance taking place in the country. The 'Quit India Movement' of 1942 had more than convinced the British Government that it would have to grant an ample measure of autonomy to the country. They knew well that they were able to secure public cooperation during the War only in exchange for the promise of granting autonomy to the Indian



people. In 1945, therefore, elections to the provincial legislature were held, and next year elections to the Constituent Assembly took place. The Interim Government, which was formed in September 1946, decided to stop the practice of conferring titles in vogue during the British regime. The question of conferring the title of Raja Bahadur on Mr. Modi, was, therefore, deferred.

In view of the fast pace of expansion and development of Modinagar, a Town Area Committee was constituted by the Government in 1746. The Committee was entrusted with the task of looking after public health, sanitation, lighting and other civic needs of the area. Mr. Gujarmal Modi, as the founder of the town was naturally nominated, and later on elected the first Chairman of the Town Area Committee.

On June 17, 1946, R. B. Multanimal Modi Charitable Trust decided to construct one Sadhu Ashram at Patiala for the benefit of sadhus. A scheme to start a Sanskrit Pathshala was also approved by the Trust.

## CHAPTER SEVEN

## FURTHER TRAILS AND ACHIEVEMENTS

In 1946, Mr. Gujarmal Modi decided to set up a textile mill at an estimated cost of Rs. 10 million. A big plot of land adjoining the existing factory in village Sikri was selected for the purpose and after preliminary negotiations with the parties concerned, the Government was approached for permission to acquire the land from the Gujar land-owners. The Government granted the necessary permission and Mr. Modi took possession of the land on 6th June 1946 when there was an unexpected development. The Gujars of the area were dissatisfied over the Government decision to permit acquisition of the land. At that time a large number of communist leaders and workers had gathered at Delhi to take part in the impending strike by railwaymen. The strike, however, fizzled out and therefore the communist workers had to retreat. On their way back, some of them stopped at Modinagar and demanded a sum of Rs. 5000/- from Mr. Modi but he refused. The communist leaders decided to incite the mill workers against Mr. Modi. Loud speakers were installed in front of the factory gates and a venomous propaganda tirade was let loose against Mr. Modi.

A complaint about a threat to peace in the mill area was lodged with District Magistrate at Meerut who forwarded it to the new Government at Lucknow. The Parliamentary Secretary attached to the Ministry of Home Affairs in the new Government reportedly told the District Magistrate that the new popular Ministry was not bound to follow the old British practice of patronising and protecting capitalist interests. In view of this advice, the District Magistrate decided to keep quiet and took no action in the matter. When Mr. Modi was apprised of this new policy of the popular ministry, he, too, decided to watch the situation quietly.

Meanwhile, the communists and others started spreading all sorts of rumours in the surrounding villages. One such rumour was that the new Government had issued orders that every farmer who had supplied sugarcane to the sugar

factory was entitled to get free of cost sugar to the extent of 1/10th of the sugar produced from the cane supplied by him.

The irate landlords of the Sikri village joined hands with communist elements and incited the farmers. The result was that on 26th June 1946 a huge mob collected in front of the sugar mill. It included young girls and both undergraduate and post graduate students from Meerut. The girl students and small children were kept at the head of this mob and the communists and others armed with lathis kept themselves behind them.

The organisers of this demonstration perhaps expected that the watch and ward staff of the mills would be ordered to open fire on the restive people and this would give the agitated mob an opportunity to level the allegation that Mr. Modi had committed excesses against a peaceful gathering. But that did not happen, for the far-sighted industrialist had anticipated such moves on the part of these elements and had quietly disarmed the watch and ward staff. The angry mob beat the watch and ward staff and slapped them in their faces and threw their turbans away. However, even these tactics failed to provoke the watch and ward staff into reacting in any violent manner.

From the sugar mill the mob proceeded to the biscuit mill where the same drama of violence was enacted. As a measure of safety, Mr. Modi had to order all the factories to close down for the day. The rowdy elements continued their tactics almost throughout the day and retreated only late in the evening.

Mr. Modi lodged a report about these incidents with the District Magistrate who promised to hold an inquiry into the matter. Next day when the District Magistrate and the police officer in charge of the area came to the scene of the incidents, they, too, were manhandled by rowdy elements. One person threw the pea-cap of the Police Chief, a British national, and another snatched away his baton. The police chief refrained from using force, for he did not want to incur the displeasure of the new Government. But as the crowd became more restive, a few of the rowdy elements were rounded up and taken to the local Police Station. The mob, however, was able to secure their release under the threat of further violence. The police officers left for Meerut with the promise to return in the after noon, but they never came back.

The irate mob led by the rowdy elements continued their drama of violence for eight days. During this period life in the town came to a standstill. There was panic all around and it appeared as if lawlessness had become the law of the day.

As the situation in the town continued to deteriorate, Mr. Modi decided to go to Lucknow to discuss the matter with the Ministers of the new Government. There Mr. Modi met Mr. Govind Ballabh Pant, Mr. Rafi Ahmed Kidwai and Mr.

K. N. Katju, the Chief Minister, the Home Minister and the Minister for Industry respectively. He was able to convince them that if it was intended that no protection should be afforded to the industries or that the industries should not function at all, it would be better to order their closure in a peaceful manner, but the type of rowdiness which was being permitted in Modinagar did not benefit anyone.

Mr. Modi came back from Lucknow after securing an assurance that due protection would be given to the industries at Modinagar. The factories in the town were able to resume normal working after about ten days of disorder. Mr. Modi now started his search for an alternative site for the textile mill and finally selected a big plot of barren land near village Bisokhar. Construction of the factory building was started in 1946 after the necessary formalities of acquiring and developing the land had been completed. Mobilising capital for the factory did not present any obstacles. In view of his past performance, Mr. Modi was able to arrange all the necessary share capital within three days of floating of shares.

In 1947 he decided to start a paints and varnish factory. Mr. Modi made a big contribution in developing indigenous know-how in this field.

The year 1947 also saw a big change for the better in his life. The enterprising industrialist had always preferred to live among the workers who ran his factories. This helped him to share their joys and sorrows and also to know their difficulties. It was this which helped him win the favour of the ministers of the popular Government in Uttar Pradesh.

So far Mr. Modi had been wearing his traditional dress churidars and achken studded with golden buttons and a turban in the traditional Jodhpuri style. However, while at Lucknow, he was highly impressed by the ministers. In deference to the

wishes and advice of the popular Chief Minister, Mr. Modi decided to change his style of dress. The expensive dresses of the industrialist gave way to simple ones and the royal-style turban gave way to a simple Gandhian style white cap.

Partition of the country in 1947 brought in its wake several problems. Lakhs of refugees from areas which went over to Pakistan migrated to India. Their rehabilitation caused severe strain to the country's economy. The new government of independent India decided to adopt a policy of promoting industries both in the private and public sectors.

Mr. Modi had already placed orders for machinery for the the textile factory with a firm in England in 1947. The arrival of machinery in India had been delayed much beyond the scheduled period. Mr. Modi had so far mobilised 50% of the share capital and mobilisation of the remaining 50% was creating difficulties because of the non-arrival of the machinery. Many of the refugees who had purchased shares of the Modi Spinning & Weaving Mills Co. Ltd. were obliged to sell their shares in the market with the result that the market value of the shares fell to almost half their face value. Mr. Modi had to step in and purchase a large number of shares in order to maintain the price-level. This restored the confidence in the share market.

Mr. Modi was anxious to know when exactly he could expect the imported machinery from England. Therefore, in May 1948 he sent his younger brother Mr. Kedar Nath Modi to England. However, in England he was greatly disappointed by the lack of sympathy shown towards Indian business interests by the Indian ambassador there. Mr. Kedar Nath Modi issued a press statement saying that the Modis had come to the conclusion that conditions in the British industries in England were deteriorating and since they had not been able to get all the textile machinery for which orders had been placed as far as two years back, they were now obliged to place their orders in America. This statement was refuted by the Minister for Trade in the British Government who insinuated that the Modi belonged to an average class of Indian businessmen and may not be in a position to pay for the machinery. Mr. Kedar Nath Modi thereupon issued a rejoinder. He declared that he was prepared to show 'letters of credit' and other documents to prove that the Modis were in a position to pay for the machinery worth Rs. ten

million. The Indian ambassador initiated enquiries and when he came to know the actual position in this regard, he was sorry for the apathetic attitude adopted by him towards Mr. Modi. The British Government also then gave him due honour but expressed its inability to secure the machinery required for the textile mill. Mr. Modi, therefore, left for America and succeeded in securing the necessary machinery from there.

Many industrialists had earned huge amounts of profit during World War II. Therefore, the new government at the Centre set up an Inquiry Board to go into the financial conditions of the industries established during this period and to detect tax evasion, if any. The Board started enquiries and tax assessment proceedings were initiated against a number of businessmen. As an industrialist who had undertaken huge expansion of industries during that period, Mr. Modi also came under the purview of this inquiry. He was already facing the problems of importing textile machinery from abroad, and mobilising the remaining amount of share money from the share-holders, and now he was faced with the third problem of tax assessment. His financial advisers counselled him to drop the idea of setting up the proposed textile mill, but he refused to listen to them. He was of the opinion that for an industrialist maintaining the public image was more important than facing an enquiry and, possibly, losing some money as a result of tax assessment. He was, therefore, determined to go ahead with his project.

In 1948 Modi Hosiery Factory and Modi Tent Factory were started. In the same year Modi High School was converted into Modi Science & Commerce College.

It had been estimated that about 2,000 workers would be needed for the new textile factory. There was also the problem of rehabilitating the refugees from Pakistan. He, therefore, thought it proper to establish a new colony for the refugees at Modinagar. Mr. Govind Ballabh Pant was then the Chief Minister of Uttar Pradesh. Mr. Modi placed his project before him and gave the undertaking that if he was granted a loan to establish the new colony, he would return with interest every rupee loaned to him by the Government. He also wanted permission to establish a few cottage industries for the benefit of the refugees. The U.P. Government gave him the necessary permission to go ahead with the project.



The Modi Spinning & Weaving Mills Co. Ltd. was inaugurated by Mr. Pant on June 29, 1949 and on the same day he laid the foundation-stone of the new colony which was named Govindpuri after his name.

The U.P. Government gave an advance of Rs. 3 million for the construction of the colony. The refugees were also permitted to have their admitted claims of compensation for property lost because of partition set off against the price of the houses purchased by them in this colony. In 1949 Mr. Modi established a lantern factory which was inaugurated by C.B. Gupta, the then Minister for Industries in

U.P. on May 13, 1950. The quality of the lanterns produced in this factory compared very favourably with those imported from Germany. The factory could produce 5000 lanterns per day.

The same year Mr. Modi was invited to the Fourth Convention of the All India Manufacturers' Organisation at Delhi on 26th March, 1949. In his address he declared that political freedom was meaningless if there was no economic freedom. Mr. Modi always favoured progressive expansion of industries.

In 1950-51 Modi Girls School was upgraded and named Rukmini Modi Girls' College.

Towards the end of 1951 Mr. Modi had to face a distressing situation. It was the month of November and he was about to leave for Madras to participate in the meeting of the Export Advisory Committee. Just then his younger brother, Mr. Kedar Nath Modi broke the news that Delhi Police had framed charges against the Modis alleging that they had colluded with railway officials and had embezzled railway consignments worth several thousands of rupees. The news was shocking but Mr. Modi advised his brother to have patience, for he had always believed that truth ultimately prevails.

The real story regarding this allegation was revealed only later. Apparently, there had been some heated exchange of words between the Claims inspector of the railways and the Movement Officer of the Modi mills, and the Claims Inspector had felt insulted and offended. With the help of one of his relatives who was a senior official in the CID, the Inspector managed to get Mr. Modi involved in an embezzlement case. The Claims Inspector, on the advice of the CID official, sent

an anonymous letter of complaint to the Prime Minister alleging that during the disturbed conditions of the post-partition days Mr. Modi had entered into a conspiracy with the railway officials and had managed to misappropriate railway consignments worth several thousands of rupees. The Prime Minister's Secretariat forwarded the anonymous letter to the Minister for Railways who ordered an investigation.

The case was entrusted to the Special Police Establishment. Once the case was with the S.P.E., the CID Officer, who was a relation of the Claims Inspector, was able to cook up a case of cheating implicating Mr Modi and several officers of Modi mills including the Accountant and the Secretary. The officer of the mills dealing with the railways was forced by the police to side with them under threat and preparations for a large number of fake witnesses were also made. Thereafter, a request was made to the Union Government that since the person involved in the racket happened to be a very influential industrialist of Northern India, some judge from Madhya Pradesh should be asked to hear the case. Elaborate preparations were made to cook up a false case, and for its prosecution.

The simple fact, which came to light only later, was that in 1947, when the country was passing through a state of turmoil, a large number of wagons carrying coal to destinations in West Punjab were detained by the railway officials at Delhi and to avoid congestion at Delhi mill owners in adjoining states were requested to take some of these wagons over to their sidings. Some wagons, in this way, were despatched to Modinagar and incidentally some wagons carrying pipes, stone, and salt also came to be diverted to Modinagar along with the wagons loaded with coal. Consignments worth roughly Rs. 1,50,000 were in this way diverted to Modinagar. Similarly, due to the confusion, consignments worth nearly Rs. 2,50,000 belonging to the Modis were diverted to unknown destinations instead of being transported to Modinagar. These matters were sorted out with the help of the railway officials. Delhi police was then able to detect the alleged racket.

Mr. Modi was extremely worried over the case. He approached the then Minister for Home Affairs, Dr. Kailash Nath Katju, and the Minister for Railways, Mr. Iyengar, and requested that proper investigations should be made before prosecution was launched, for Mr. Modi was of the view that the case, if launched,

would take at least ten years to decide and that this period would be sufficient to damage the established reputation of the firm. Secondly, in the prevailing conditions then, no judge would be prepared to exonerate even an innocent capitalist for fear that he might be accused of having accepted bribes. The Home Minister explained that while the Government shared the views of Mr. Modi, they were helpless. They knew that the case was baseless, but they were not prepared to order its withdrawal for the simple reason that they, too, might be accused. Mr. Modi was told that in the prevailing atmosphere even persons in high offices who were under constant public gaze could not withdraw the case.

Ultimately, Mr. Modi took the matter to the Union Cabinet. The Cabinet sought the opinion of the Advocate General, the Attorney General, and the Minister for Law. On the strength of their advice and also after a thorough examination of the case, the Government finally came to the conclusion that the case against the Modis was false and that no prosecution should be launched in the matter.

In 1952 the Government at the Centre decided to implement its programme of abolition of Zamindari. This historic step towards reform in the field of agriculture was announced on 1st July 1952. It was at that time that the Prime Minister

Mr. Jawaharlal Nehru paid a second visit to Modinagar. Mr. Nehru had visited Modinagar in his capacity as a leader of the National Movement in the country and now he was visiting the town in his capacity as the Prime Minister of independent India. Mr. Nehru was accorded a rousing reception by Mr. Modi and the people of the town. A mammoth gathering including students, workers and farmers from the surrounding villages braved heavy rain to listen to the speech of their beloved Prime Minister in the spacious lawns of the college at Modinagar.

When the public meeting was over, Mr. Modi requested Mr. Nehru to accept his invitation for a cup of tea at his residence. The members of the District Congress Committee were against accepting this type of invitation from a capitalist. Mr. Modi explained that in the past also Mr. Nehru had honoured him by accepting his courtesy and there was no reason why a similar opportunity should be denied to him this time. Mr. Nehru was listening to the discussions on this issue between Mr. Modi and the Congress leaders. He turned to Mr. Modi with a smile and said, "If you want to invite Jawaharlal Nehru, and not the Prime Minister, I will

be glad to accept the invitation." Ultimately, it was agreed that the tea might be arranged at the Murad Nagar Rest House which was away from public gaze and also a quiet and lonely spot. Only a limited number of persons Mr. Nehru, Mr. Lal Bahadur Shastri, Mr. Krishna Chandra Sharma, M.P., Mr. Gujarmal Modi and his younger brother, Mr. Kedar Nath Modi-were present on the occasion.

At the Rest House which overlooked the Ganga canal and was situated amidst beautiful natural surroundings, Mr. Mr. Nehru and Mr. Modi exchanged ideas over a cup of tea. Mr. Nehru is believed to have pointed that the Congress party was against capitalist interests and was committed to the early abolition of capitalism. He warned that the big industries in the country might be nationalised any time and was surprised why in the face of such a threat capitalists were always eager to extend a warm welcome to him instead of being disappointed at his anti-capitalist policies and programmes. He also wondered why the capitalists continued to expand their industries every year in the face of a genuine fear that all these industries might be nationalised one day.

Mr. Modi replied to these queries in his own characteristic way. He said, "You cannot claim to have fought big battles nor can you claim to be the most learned person in the country. Still if the common people are prepared to brave the scorching sun and wait for hours in order to have a glimpse of you, it is because you have performed really good deeds (Karmas) in your past life. In the same way it must be because of good deeds performed by me in past life that even though I have not received very high education and even though I do not possess any special qualities, God has always fulfilled my wishes," Mr. Modi added.

The year 1952 was no less difficult for Mr. Modi. Frost had destroyed the sugarcane crop and at the end of March-April when the groundnut crop was ready, there was a large accumulation of stocks with the mill owners, and the speculators entered the market to create conditions of slump. When Mr. Modi reached Bombay from Nasik he was informed that oil prices in the market had crashed and continued to register a steep fall. The prices of groundnut oil fell from Rs. 70 to Rs. 40 per maund (37.1 Kg) The next day Mr. Modi got the news that there had been a further fall in the prices of oils. There was also a fall in the prices of metals, cotton and some other items. With the result several established firms had to close down. Many factories were forced to close down and the banks were wor-

ried. The economic condition of the mills deteriorated to such an extent that the managing agents had to agree to forego their commission and the employees, too, had to accept a cut in their salaries in order to keep the industry going.

An oil mill of Mr. Modi at Rajpura registered heavy losses. In view of the adverse financial condition of the industries, a meeting of the Board of Directors was called. Some of the directors were reportedly of the view that if oil did not sell, Mr. Modi should sell gold and silver in order to cover the risk. However, the general opinion at the meeting was that the situation should be watched for some more time. Luckily, conditions in the market started improving after a few days and the result was that the losses became less heavy.

Mr. Modi had purchased a big plot of land on Najafgarh Road in Delhi in the year 1945. He wanted to establish one vanaspati unit and one textile unit there. He had purchased this land at 50 paise per sq. yard, but the market price had now gone up to Rs. 6 per sq. yard, Mr. Modi sold this land at the market price as also his oxygen gas plant in order to face the slump. The financial crisis which he had to face along with other difficulties in 1952 convinced him that it was absolutely necessary to maintain a reserve fund to ensure industrial stability. All the concerns of Mr. Modi had a smooth run during 1953. The losses sustained during the previous year were wiped out and some profit was also made.

In 1954 Mr. Modi was elected Member of the Executive Committee of the Federation of Indian Chambers of Commerce and Industry and was nominated adviser to the Consultative Committee of the Railways. He was also elected Financial Adviser to Roorkee University the same year.

Mr. Modi set up an Oxygen Gas Plant in the year 1954 and also purchased one tubewell company owned by a British firm. The company had a capital of Rs. 10 million, but Mr. Modi was able to negotiate and purchase it for Rs. 1.2 million. He handed over the management of the concern to his eldest son-in-law Mr. Jayanti Prasad Agarwal and his brothers who became partners in the firm. In 1955 a big colony consisting of 360 tenements known as Harmukh Puri was constructed.

On 11th October 1956 Mr. Govind Ballabh Pant visited Modi Nagar to inaugurate the Modi Silk Factory. It was drizzling when Mr. Pant arrived at Modinagar. But on the night which followed, there was a heavy downpour and it was estimated that

Modinagar registered a record 20 inches of rainfall. The township of Modinagar was nearly 4 ft. under water. The rain water entered the premises of the cotton mill and the silk mill and damaged costly machinery and finished piece-goods. Dye stuffs and other materials used in the mills got mixed with the rain-water and were washed away. Similarly, huge quantities of the finished product of the sugar mill were lost in the rain water. There was panic all around and it looked as if it would be impossible to save the town. The railway line also gave way at several places and thus communication between Delhi and Modinagar was dislocated. Inside the town army motor boats had to be pressed into service to rush rations and other supplies to the marooned people. Experts advised that a five feet high protective bund should be built around the cotton textile mills. This was done and a road was also constructed in order to strengthen the bund. Later, residential quarters were also constructed on the outskirts of the factory.

It took two full days to clear out accumulated rain water. On the third day the weather was clear and there was no sign of reflooding. Yet suddenly the flood waters flowed into the town once again. Enquiries revealed that there had been excessive rainfall in Haridwar and its adjoining area which had raised the water level of the Ganga. Water level in the Ganga Canal also became high and it was feared that areas in Bulandshahar might get submerged in the rain waters. In order to save these areas, the irrigation canal near Niwari Village, about 5 Kms from Modinagar, was opened to stop entry of rain water into the canal. All this water accumulated in the Kadarabad Nullah. The railway under-bridges in the areas were not wide enough to permit a smooth flow of the flood waters and caused heavy damages. It became imperative that the two railway under-bridges and three road under-bridges along the Hapur Modinagar road should be widened sufficiently to allow the smooth flow of flood-water. The government allowed these projects to be undertaken.

In spite of all these nature-calamities Mr. Modi did not lose courage. He faced these odds bravely. While he helped and cooperated with the governmental machinery in its long and short term protective measures, he was seen helping the poor and misery-stricken people. In the knee-deep flood waters he moved from door to door distributing rations to the hungry, clothes to the needy and medicines to the indisposed. His name had become synonymous with hope and



cheer. A word of encouragement from him acted as a healing balm to those affected by the floods.

Another textile unit was planned to be set up in 1956 at a cost of Rs. 3.85 million. Capital for the mill was arranged through the issue of shares. The same year Mr. Musaddi Lal, a director in the Modi concerns, was compelled by deteriorating financial circumstances to dispose of his shares in the Company. In 1957 a degree college was established at Modinagar. Its foundation stone was laid on 11th May 1957.

On Govardhan Puja day, the 23th October 1957 Rai Bahadur Multanimal Modi, Gujarmal Modi's beloved father, breathed his last. He was born on 21st October 1875 and died at the age of 82 years. He was a religious and God-fearing person and had lived most of his life at Patiala. Mr. Modi would seek the blessings of his father while embarking on a new project. It was on his advice that Mr. Modi dropped the idea of purchasing a wire-drawing factory at Patiala.

It appears that the father had some intuition about his approaching death. One day he called his son and told him that he had faith that he would be able to carry out his three most ardent wishes. He wanted him to take proper care of his mother, keep all the brothers happy and contented, and lastly safeguard the assets of the family.

On the night before his death, Rai Bahadur Multanimal was in fairly good health for his age. He was put in a chair and carried to his shop where the family worshipped Lakshmi, the Goddess of Wealth. Next morning, having finished the usual morning chores, he took his breakfast and suddenly died. The last rites were performed at his Ashram situated outside the city. A big temple was later constructed there in his memory and a Sanskrit College was also established.

In the early years after Independence there were rumours that the new socialist Government might nationalise all big industries. The younger brother, Mr. Kedar Nath Modi, one day suggested that the Modi family might go in for medium and small size industries in keeping with the socialistic thinking. Just then Ganesha Flour Mills in Delhi was gutted by fire and the then Union Minister for Food suggested that the Modis might also set up a big flour mill in Delhi. The idea was tempting. After preliminary negotiations, orders for the flour mill machinery

were placed with a firm in Czechoslovakia in early 1957. Simultaneously, a search for a suitable site for the factory was made. At long last a site in Okhla was selected, but this land could be acquired only after prolonged efforts.

In April, 1957 a new spinning unit with 28,000 spindles was set up at a cost of Rs. 3.85 million. This mill came to be known as 'B' mill. A new acetylene gas factory also was set up.

The next year was an otherwise ordinary year for the Modi concerns except in the case of the textile mill where an atmosphere of unrest was brewing. Floods in the past two years had damaged costly machinery in the factory and this had resulted in a loss in production and the workers of the factory were not getting the usual amount of bonus. The workers, therefore, went on a strike which continued for 20 days. The leaders of the striking employees adopted all sorts of tactics to brow-beat the management. One worker was made to lie down on the road and the news was spread that he had died as a result of the injuries received during a police lathi-charge. This led to a further flare-up among the workers. One Deputy Superintendent of Police also reportedly joined hands with the workers and began to incite them. At this juncture Mr. Gyan Prakash, the District Magistrate of Meerut, intervened to tackle the situation. He went to the place where the 'dead' worker lay on the road and kicked the 'body'. Immediately the worker, who was supposed to be dead, got up and started crying. This deft handling of the situation by the District Magistrate saved it from deteriorating further. However, the leaders continued to incite the workers by raising all sorts of false bogies.

One important factor which came to light during this strike was that the leaders of the striking workers would not allow the management to have a direct dialogue with the workers. The Government officials, too, advised that the management should not bypass the leaders and have a direct dialogue with the workers. It was feared that the agitated workers might insult the officials of the management.

Prohibitory orders under section 144 of the Indian Penal Code had been imposed in Modinagar town. All meetings of the employees began to be held outside the town. Mr Modi sent his officials to one of the meetings of the striking employees. The management tried to convince the workers that they were being misled by

elements with vested interests from outside the town. In complete disregard of the advice given by the police and the authorities Mr. Modi himself went to the meetings and calmly advised the workers that if they had any complaints, they were free to come to him personally for redress. This bold approach adopted by Mr. Modi had the desired effect for it removed many misunderstandings between the workers and the management. A deteriorating labour situation was thus brought under control. His dynamic approach brought him success in many similar situations.

The new flour mill at Okhla in New Delhi was inaugurated on 14th May, 1959. In the same year it was decided to start production of finer varieties of cloth in the textile mill as these were found to be more profitable than the coarse and medium varieties manufactured there so far. Mr. Kedar Nath Modi and Mr. Krishna Kumar Modi undertook a 25-day tour of Switzerland, Italy, Germany and other European countries to explore the possibilities of purchasing the latest type of textile machinery from these countries. The same year a new distillery was also established to manufacture power alcohol.

Modi's Prefect Soap had been doing very well in the market. In the initial stages some difficulty was experienced in promoting its sales because the Modis could not afford to spend huge amounts of money on promotional publicity and the traders were interested in selling only the established brands of toilet soaps. Therefore, the company's own salesmen had to be engaged to create initial demand for the soap. Later on, due to its better quality, the demand for the soap picked up and the traders and shop-keepers too began to show interest in its sale. The mechanism of price-controls, which did not apply to Modi soaps, also helped in pushing up their sales. However, during World War II, the Government put a ban on the import of the perfume which was used in the manufacture of the Prefect toilet soap. This had a serious effect on the quality. Sometime later there was another serious development which forced Modis and several other big manufacturers of toilet soaps to discontinue the production of toilet soaps. Lever Brothers and some other foreign firms manufacturing soaps in India decided to create monopoly conditions for their toilet soaps by resorting to the technique of heavily under-selling their product. This process continued to such an extent that it became impossible for other manufacturers to get back even the

cost of the oil used by them.

Levers was an international company doing business in several countries. It could afford to sustain itself even after heavily undercutting the prices of their toilet soaps and even after spending huge amounts of money on promotional publicity. About 300 Indian concerns which were at the time engaged in the manufacture of toilet soaps started closing down one after the other in the face of heavy and unequal competition thus offered by the Levers, and only Tatas and Levers were left in the market. Both these firms used to spend thousands of rupees on promotional publicity of their products. After War, the Levers set up a big toilet soap factory at Calcutta and, Tatas, too, established another factory at Ghaziabad in order to push the sales of their products in Northern India and make their soaps more competitive in comparison to Levers' products. The Tatas adopted one more technique in order to sustain themselves in the competition with Levers. They would supply their bleaching powder only to those dealers who agreed to place orders for their toilet products. Since the bleaching powder had a better margin of profit, this inducement helped to push up the sales of their toilet soaps.

Among the numerous toilet soap factories which closed down in the face of the cut-throat competition from Levers were those established by Birlas, Thapars and Lala Shri Ram. Modis, too, had to close down their toilet soap unit, but they continued to manufacture washing soap.

The distillery set up by Mr. Modi was inaugurated by Mr. Manubhai Shah, the then Minister for Industries, on 10th January 1960. While inaugurating the factory, Mr. Shah exhorted Mr. Modi to go in for the production of acetate yarn based on chemicals and alcohol. Modis realised that man-made fibres had a bright future and from that very day they started looking for a suitable scheme for the manufacture of synthetic yarn. In 1960, the Government decided to establish one Engineering College at Kanpur and a Board of Governors consisting of four eminent persons was set up for running the same. Mr. Modi was appointed Governor on the board representing public interests. In the same year a synthetic Silk Yarn Development Council was set up by the Government and Mr. Modi was appointed member of the Council for a period of three years. Again, a branch of the National Productivity Council was set up at Meerut and Mr. Modi was elected

its first President.

A Central Customs and Excise Advisory Committee was set up by the Government that year and Mr. Modi was appointed its member. The Government of U. P. also set up a Board of Technical Education in the State of which Modi became a nominated member representing industrial establishments. He was also appointed a member and later Vice-President of the Board of Directors of the Reserve Bank of Northern India.

On 16 July 1961 Mr. Modi decided to go on a tour to foreign countries which lasted about fifty days. Many of his brothers and other relations had been abroad, but this was for the first time that this self-made industrialist decided to undertake a foreign tour himself. During the past 40 years of his industrial career, on several occasions he had planned to go abroad, but each time he had to drop the idea on the advice of his father.

On his first tour abroad, Mr. Modi was accompanied by his wife, younger brother Mr. Kedar Nath Modi and his sister-in law. They visited several countries and places including Rome, Milan, Zurich, France, West Germany, Sweden, England, New York and Washington. On his 60th birthday, Mr. Modi was in England. Being a religious man, he wanted to celebrate it in a place of worship and therefore he went to a church in London. Then, passing through San Francisco, Honolulu, Tokyo and Hongkong, Mr. Modi returned to India on 5 September 1961. The first foreign tour of Mr. Modi was educative and full of varied experiences. The first thing that he learnt was that it was very difficult for a vegetarian to find a variety of foods to eat in these countries. Throughout his tour abroad, Mr. Modi had to live on milk and fruits. Only at far off places in London,



Shri Gujarmal Modi & Shrimati Modi with his brother Shri K. N. Modi and his wife at the airport at the time of their departure to Foreign Countries.





Japan and at a few places in America, he could get satisfactory vegetarian food. But in Hongkong he found that he had no difficulty in getting Indian meals.

On account of his strict vegetarianism the tour had an adverse effect on his health. He felt fatigued and developed a swelling in one knee-joint. The medicines which were given for the treatment of the swelling did not suit him and he developed an ulcer in his liver. This became rather serious. Even till 4 December 1961, when Mr. Krishna Kumar Modi, his eldest son, was married, Mr. Modi continued to suffer from the effects of the knee-joint swelling. He was cured only after 4 to 5 months of treatment but the swelling had even then not altogether disappeared. It left a permanent mark on him. He was advised not to take baths with cold water and he was prevented from going on pilgrimage to the hill areas.

In 1961 a torch factory was set up and machines for the arc electrodes factory were imported from East Germany. The same year Mr. Modi was elected President of Indian Sugar Mills Association. He also visited Kulu, Manali, Jwalaji. On his return journey from these places, he stayed with the Raja of Mandi. He was treated by the royal family as a guest of honour. In April 1961 Mr. Modi presided over the annual conference of the Mechanical Engineers of India at Bombay.

In the very first year the arc-electrodes factory yielded enough profit to cover the initial expenditure incurred in setting up the factory. Work on the setting up of a Steel factory was taken in hand that year. A scheme was also prepared to set up the fourth textile unit at an estimated cost of Rs. 25 million. Machinery for the steel furnace, rolling mill and the wire-drawing plant was ordered. A cotton delinting factory was also set up at Abohar in Punjab at a cost of Rs. 1.45 million. At the same time work on the setting up of a new distillery at Jagadhri was taken up at an estimated cost of Rs. 3 million.

# CHAPTER EIGHT

## ON THE HEIGHTS

The year 1963 marks the beginning of a period of pre-eminence in the life of Mr. Modi. By this time, he had established a chain of industries at Modinagar after getting over all kinds of teething troubles and crises. He had also built up a considerable reputation with the Government and the public by virtue of his remarkable business acumen and entrepreneurial ability. He had established himself as a great industrialist with a large vision and a dynamic outlook. From now onwards, Mr. Modi received honour after honour from both the Government and the public in recognition of his services to the people and the industry in the country. Besides, he continued to expand his industrial capital at Modinagar. It is in the fitness of things that this period of glory began with the opening of Laxmi Narayan Temple constructed in the heart of Modinagar. The consecration of the idols installed in the temple was performed by his Guru Krishnashram ji Maharaj on 3rd Feb. 1963 who came down from his ashram in the Himalayas especially for this purpose.

The steel factory at Modinagar was inaugurated on 25 January 1964. The factory was set up at a cost of Rs. 10 million. In the same year a big pilgrim Guest Home was constructed at Vrindaban in Uttar Pradesh. On 10th January 1965, the foundation-stone of a most modern thread mill was laid and the electric furnace of the steel mill at Modinagar was inaugurated. In the same year a public library was set up at Mahendra Garh. It is the negotiations. They were highly impressed by 'the progress made by the town in 32 years. They were also surprised to find that children of the Modi family were studying in the same common school in which children of the workers were studying. One of them is reported to have remarked that this was the best way to fight communism. The American firm wanted the new factory to be established at Bombay. But Mr. Modi was unwilling to shift to Bombay. Therefore, it was finally agreed to set up the factory at Modinagar. A large plot of 585, 288 sq. meters of land was acquired for the factory.



Shri Gujarmal Modi with his Guru 1008 Swami Krishnashram Ji Maharaj, riding on the elephant in a procession at the time of installation ceremony of Shri Lakshmi Narayan Temple, Modi Nagar.



In the same year Mr. Modi was nominated member of the National Productivity Council and as such made several important suggestions to improve productivity in a number of industries.

In August 1965 he went on a pilgrimage to Amarnath and other holy places, and by the time the family returned from Kashmir, the war between India and Pakistan had broken out and one could see Indian armies moving along almost all the important hill routes in the Kashmir Valley. At Srinagar Mr. Modi announced a donation of Rs. 50,000 to the Defence of India Fund as his contribution to the war effort. The donation was accepted by Mr. Lal Bahadur Shastri, the then Prime Minister of India on 6th November 1965.

The year 1966 was an eventful one both for Mr. Modi and the country. On a political scene, the reigns of the Union Government were taken over by Prime Minister Indira Gandhi after the sad demise of Mr. Lal Bahadur Shastri at Tashkent in Soviet Union. The Modi family, too, had its share of bereavements. Mr. Salig Ram, one of the close relations of Mr. Modi, died of heart failure at Hapur. His younger brother also lost his wife that year. Mr. Salig Ram was Mr. Modi's close friend with whom he could talk with an open heart and unreservedly. He was his companion with whom he shared his weal and woe. Naturally his passing away left a void in his life. In April, the same year, was inaugurated by Mr. Ram Kishan, the then Chief Minister of Punjab, on 1st March, 1965. In the same month the foundation stone of a temple consecrated to Goddess Durga was laid at Shukratal in District Muzaffarnagar.

On 7th September 1965 it was finally decided to establish a new company under the name of Modipon to produce nylon yarn at Modinagar in collaboration with an American firm. M/s. Rohm and Hass agreed to contribute 40 per cent of the share capital in the form of foreign exchange. Mr. Modi was appointed Chairman and Mr. Kedar Nath Modi and Mr. Krishna Kumar Modi, his younger brother and eldest son respectively, were appointed President and Vice-President of the new Company.

Dr. Murphy, the Chairman of the collaborating American firm came to India to finalise the agreement. While at Modinagar, Mr. Modi asked Dr. Murphy: "What is it that has attracted you to agree to invest so much money in the new firm even

though we are not known to each other?" Dr. Murphy replied that while talking to Mr. Modi, he was hypnotised and charmed by the simplicity and high character of the members of the Modi family. The American collaborators were indeed surprised when in Paris the previous year they noticed that both Mr. Kedar Nath Modi and Mr. Krishna Kumar Modi had abstained from drinks and all types of sexual indulgence or entertainment so common in western countries.

The American firm wanted Mr. Modi to go to America to finalise the deal for the new venture. But he declined the invitation on grounds of health. He received two more invitations to go to the United States. One of these was to negotiate a deal for the export of sugar from India as President of the Sugar Mills Association and the other was to preside over the Labour Conference at San Francisco. Both these invitations were also declined by him on medical advice. The American collaborators, therefore, decided to come over to India to fina-



Shri Gujarmal Modi in discussion with Shri Murarji Desai at the FICCI Session in 1967.



Mr. Modi had the opportunity to preside over the 33rd convention of the Industrial Employers' Organisation at Vigyan Bhavan, New Delhi.

An event of great honour and historic significance came in March 1967 when the corner stone of Modipon, one more important venture of the Modi family was laid on 12 March 1967. This was the most prestigious venture undertaken by the Modis in collaboration with an American firm most reputed in the field of Nylon yarn. A mammoth congregation of invitees assembled at Modinagar and the inauguration ceremony was performed by the renowned American industrialist Dr F.C. Hass, Head of the collaborating American firm.

The same day a nine feet high statue of Rai Bahadur Multani mal Modi, father of Mr. Gujarmal Modi, was unveiled in the park adjoining the college. This was another memorable day in the life of this industrial town. High dignitaries present at the unveiling ceremony included High Court Judges, several political leaders and the Maharani of Patiala. At the unveiling ceremony, glowing tributes were paid to the memory of the Rai Bahadur Multanimal for the services rendered by him to the people.

There were yet more honours in store for Gujarmal Modi. One such occasion came when he was nominated a member of the Export and Import Advisory Council and also of the Indian Exports Organisation. He was also nominated a member of the Senate of the Meerut University in recognition of the invaluable services rendered by him to the cause of education.

The year 1968 was the most memorable in his life. He was then holding the post of the President of the Federation of Indian Chambers of Commerce and Industry. The popular Government of the day made an assessment of the valuable contribution made by Mr. Modi to the development of the country and in recognition of the services rendered by him to the nation, the Union Government decided to confer the coveted award of Padma Bhushan on him.

The announcement of the decoration was greeted with applause by the industry and the leaders of public opinion. Thousands of greetings and congratulatory messages poured into Modi nagar. The industrialists of Calcutta arranged a big public reception in his honour, at which Mr. Dharam Vira, the then Governor of West Bengal, presided. This was followed by a public reception at Delhi



under the Chairmanship of Mr. Fakhruddin Ali Ahmed who was then the Union Minister for Industry and Company Affairs. The Delhi reception was attended by over 2,000 important personalities including Ministers, Members of Parliament, representatives of the diplomatic corps, and the business community. Glowing tributes were paid to Mr. Modi for the yeoman's service rendered by him to the cause of industry. On behalf of the citizens of Delhi, Mr. Balraj Khanna, then Deputy Mayor of Delhi, presented an ivory Ashoka Pillar to him. The Punjab, Haryana and Delhi Chambers of Commerce and the Hindustan Merchants Association also arranged public receptions in his honour. The National Award of Padma Bhushan was made to Mr. Modi on 7 April 1968. The citation accompanying the award lauded his achievements and contributions in the fields of industry, social service and education. It read:

"Shri Gujarmal Modi (65), the moving spirit behind the large industrial complex of Modinagar is the founder of the industrial township of Modinagar. It is due to his vision, foresight and drive that the township with more than a score of factories has emerged out of the wilderness of Begumabad. Shri Modi made substantial contribution in rehabilitating displaced persons by constructing Govind Puri Colony consisting of 5,000 houses and 25 small scale industries. All those persons who were rehabilitated in Modinagar were given employment either in Modi Enterprises or in small scale industries built in the Colony.



Shri Gujarmal Modi being awarded "**PADMA BHUSHAN**" by the President of India  
**Dr. Zakir Hussain, on 16th April 1968**



For the benefit of the workers at Modinagar and people of neighbouring villages he has established a full-fledged Post-Graduate College, two Intermediate colleges, one Junior High School, a Women's Training College and a chain of Primary Schools which are providing education to 8,000 students. He has also established a number of charitable trusts and has constructed Dharamshalas at various centres of Pilgrimage. Shri Modi has rendered immense service in promoting social welfare with the zeal of an industrialist."

The coveted award was followed by more honours. In April 1968, a public reception was arranged in his honour by the citizens of Bombay. He was nominated Chairman of the International Arbitration Council and his services were co-opted for various governmental bodies including the Planning Commission, the Central Excise Advisory Board, and the Uttar Pradesh Planning Board.

In July 1968 the Governor of Uttar Pradesh convened a meeting to discuss the cause of widespread poverty in the state. In that meeting Mr. Modi gave a very clear and forthright analysis of how the per capita income in U. P. had gone down as compared to the all India average and how the system of sales tax and power tariffs as devised by the State Government were working to the detriment of industrial development and had led to the migration of industries to other States. This clear analysis was widely appreciated by those present at the meeting. In October 1968 Mr. Modi presided over the meeting of the Federation of Indian Chambers of Commerce and Industry at Kanpur, the industrial town of Uttar Pradesh.

The last achievement of Mr. Modi in the industrial field was the setting up of an automobile tyre and tube factory under the name of Modi Rubber Ltd. in technical collaboration with Continental Gummi Werke A. G. Hannover, West Germany, the world famous manufacturers of tyres and tubes. It was formally inaugurated by Mr. Fakhruddin Ali Ahmed, the then President of India, at Modipuram, another town founded by him 9 kms beyond Meerut. It is now fast developing as a model town. The plant covers 70 acres of land and incorporates the most modern and sophisticated machinery and West German technology to ensure the production of quality tyres best suited to Indian road conditions. It has a licensed production capacity of 400,000 units annually. It has been designed to process 16,000 tons of rubber compound into tyres and tubes per annum. On achieving its full rated

capacity the plant will contribute Rs. 220 million per year to the Central Exchequer and will provide employment to 3,000 persons. It is an important landmark in the economic growth of U. P. and that of the country. It will help resolve the transportation bottleneck in the country caused by immense shortage of tyres.

Towards the end of the year Mr. Modi received a delegation of Japanese businessmen. This provided him an opportunity of exchanging ideas on the development of industries in India. In December, he met Mr. Robert McNamara, Chairman of the World Bank, when he had another opportunity to discuss how other countries could extend their cooperation to the development of industries in India. Exchange of ideas on industrial growth continued at the international level when he attended the deliberations of the International Investment Seminar. These deliberations at national and international levels provided him with excellent opportunities to express his opinion on numerous problems of industrial development in the country.



Shri Gujarmal Modi and Shri Fakhruddin Ali Ahmed at the Multanmodal Modi  
Post Graduate college Convocation in 1968.



## CHAPTER NINE

### THE LAST DAYS

After 1972 Mr. Modi became more and more interested in social Welfare activities and religious pursuits. He was a pious man who never touched alcohol nor did he frequent clubs even during his trip abroad. A man of austere habits, he also had a well-regulated daily routine. He regularly went to the Laxmi Narayan temple at Modinagar in the morning and listened to religious discourses late in the night. He kept fasts and havans were a routine activity in his house. Sadhus, Saints, Mullahs and Church priests always surrounded him, for they found in him a ready and willing helper or donor to their religious projects like renovation of ruined temples, mosques, guru dwaras and churches, for he believed that all religions were essentially one. As mentioned earlier, while in London, he celebrated his birth day in a church in London and during his stay at Ajmer the next year he had visited the famous Dargah to pray on his birthday. In fact, he believed in the synthesis of all religions. His visits to Haridwar and the ashramas of the well-known Sadhus in the Himalayas became more frequent.

The source of his strength and inspiration was his wife, Daya wati. Gentle and compassionate, she was devoted to her husband and he on his part was her life. In his absence she did not get a moment's ease. She regarded him as the bestower of bliss and one who dispelled her distress and sorrows. She spent most of her time looking after him and the family, and after his death she became absorbed in social welfare activities or sat.sang, Humble and affectionate, Dayawati Modi literally worshipped and adored her husband. They both seemed to understand each other perfectly and Mr. Modi's devotion to her was also complete. He regarded her as Laxmi, for since she had come to his family, business had prospered. He was a doting husband and was most conscious of his duty to her. He was always seen with her not only in his evening walks at Krishna Ashram, but also at every social function at Modinagar and elsewhere. If, he could not attend

a function owing to certain unavoidable reasons, he would send his wife to attend it. In fact, he trained the simple unsophisticated girl of 17 to take her place among the leading women of his community. Mother of 11 children, with a large household to look after, the President of a chain of primary and middle schools at Modinagar and in the neighbouring villages and of charitable institutions like Mahila Samaj Kalyan Parishad, she is a woman of remarkable qualities of head and heart.

Mr. Modi delighted in meeting people and exchanging ideas with them. He could meet and communicate with people of eminence and the downtrodden and needy with equal ease. A daily morning walk along the railway track was part of his routine. While the officials of Modi Enterprises met him at appointed places, the needy and the miserable would wait at various spots to get an opportunity to talk to him. Seeing them he always stopped and talked to them. He also helped them if he found that their need was genuine. One incident will illustrate this point. One morning while walking towards the railway crossing near Modipon, the railway gateman stood before him with folded hands. He tearfully told Mr. Modi that his daughter's leg was fractured and he had no money for medical treatment. Mr. Modi at once granted him Rs. 200. A villager with his bullock cart laden with sugarcane who had been watching the scene from a distance, came upto him and said, "How is it that you are helping this man? He is not your employee." Prompt came the answer, "This man is a resident of Modinagar. Moreover, his need is genuine." He was liberal in making donations towards marriages and funeral expenses of the poor and the needy.





Shri Gujarmal Modi with his wife Smt. Dayawati Modi



Mr. Modi had a keen sense of humour and could share a joke with persons of all classes on certain occasions. At home he was always relaxed. To pass a humorous remark in a light hearted vein was a habit with him. Once his old classmate Master Badri Prasad called on him after Mr. Modi had a heart attack. He had just then awakened from his afternoon nap. The friend enquired as to what he had done to himself. He answered in a characteristic, frank and humorous manner that he had only been carrying out an experiment. When Masterji said that he should not carry out such "great experiments", his reply was that "Great persons do great experiments." Such lively remarks always punctuated his conversation. Mr. Modi as the head of a family ruled over it like a patriarch, whose will dominated over one and all in his extensive household. To his subordinates and servants he was both a master and a generous friend. His family always bowed to his judgement knowing well that he would readily grant any reasonable request.

Ever since his return from his foreign tour, he had been ailing and experiencing the effects of growing age. It was simply through his strong will that he had continued to lead a life of intense and varied activity. However, in December 1975 all the ailments which he had never taken seriously made a concerted attack on him. Foreign doctors and specialists in India who examined him diagnosed that he was suffering from jaundice and that his kidney, lungs and heart were seriously affected. He was advised to go to Bombay for medical treatment, but he was unwilling to leave Modinagar. A staunch believer in destiny, he felt that the trip and treatment would be futile, but his family prevailed upon him. In Bombay he was operated upon at Jaslok Hospital. Till the time of his operation, he had been drinking *Gangajal*, the holy water of the river Ganga, and was constantly muttering 'Krishna Krishna.' He did not survive the operation and breathed his last with God's name on his lips at 4.30 a. m. on 22nd January 1976. His last words were: "Pray and have faith." Then he slipped into blissful peace.

The news of his passing away plunged the town of Modinagar into deep sorrow. His relatives, friends and employees had been praying for his recovery for weeks, but all in vain. People in thousands from Punjab, Haryana, Rajasthan, Delhi and U. P. went to the Palam Airport in Delhi to receive the body on its arrival by a chartered plane. Everyone of them mourned for him as one would for a beloved father. They rushed to the plane when it touched down the runway at 2.30 p. m.

on the same day. Unmindful of the rules and regulations of the airport authorities they all wanted to be the first to have the last glimpse of the great man. From Palam the cortege was taken to Modinagar on a vehicle decked with flowers. It was followed by five rows of vehicles upto one mile and there was a virtual stampede for an hour at Modinagar. His body was taken to Shri Laxmi Narayan Temple and placed on a bier in the Sankirtan Bhawan of the temple where tens of thousands of people had gathered to pay their last homage. It was a veritable ocean of humanity. The cremation ceremony began at 7 p. m. The sandal wood pyre was lit by his eldest son, Krishna Kumar. According to the last wishes of the Rai Bahadur, the last rites were performed in the premises of the temple, which he had built and which he daily visited when he was at Modinagar, as he always wanted to be near his Creator.

On hearing the news, the great Saints and Mahatmas - Swami Yishnuasramji, Swami Krishnanand Govindanand Ji, Jagat Guru Goswami Purushotam Ji, paid homage and performed Kirtan and Pravachan for the peace of the departed soul. Shri Anandmai Ma wrote to his wife:



The Last Journey





# CHAPTER TEN

## RETROSPECT

Mr. Gujarmal Modi struggled hard for the major part of his life. With perseverance and firm determination he succeeded in attaining his objectives and rose to heights of eminence. In times of crisis he never lost heart but with faith in God and in himself fought his way through. Moreover, as he prospered in business, his humanitarian and philanthropic zeal also increased. He was convinced that the key to the country's prosperity was its industry, without of course neglecting the agricultural sector. Ploughing back profits from running concerns to enlarge them or to establish new industries was a passion with him. He did not view his enterprises as money-making ventures but made them sources of capital for more and more industries. He was thus able to build up a vast network of small and big industries in Modinagar, a township which he built from scratch through his sustained personal efforts. He was of the view that the final objectives of the Government and the business community were the same. As he observed in his presidential address at the 42nd annual session of the Federation of Indian Chambers of Commerce and Industry in 1969: "We both aim at a faster rate of development. We both wish the country to have a better standard of living. We both want full employment for our people." An industrialist with a dynamic and progressive outlook, Mr. Modi realised that harmonious relations with labour were necessary for success in an industry. Long before welfare policies became an accepted norm in India, he built pucca houses for workers near the places of work and provided educational and other facilities for their dependents. He forestalled the concepts of workers' participation in management by setting up Works Committees in his factories as long ago as 1947. That employees and employers should bilaterally sort out their mutual problems without involvement of extraneous elements was the crux of his outlook on industrial relations.

In 1946 there was a strike in one of the Modi mills. It lasted a fortnight without

a settlement in sight. Mr. Modi then called a meeting of representatives of the workers. After listening to them for a brief while, he dictated a note in Urdu, which was to form the basis of the settlement. When the workers heard the contents of his award they were satisfied and readily agreed to call off the strike. Mr. Modi's words to them at that time, though simple, are memorable. He said: "We are all members of the same family and the mill is our home."

Similarly in 1956, owing to heavy losses, when there was another strike by workers for higher wages and bonus, the leaders of the strikers adopted all kinds of tactics to browbeat the management. They did not want the management to have a direct dialogue with the workers. But Mr. Modi ignored their wishes and advice. He sent his officials to the workers' meeting and later went there himself. He calmly advised them to approach him directly for the redressal of their grievances, if they had any. This bold and direct approach helped to clear much of the misunderstanding that existed between the management and the workers. He often acted as an arbitrator at the instance of workers themselves between the workers and the management and his decisions were always fair to the employees who accepted them whole-heartedly.

Being an enlightend employer Mr. Modi appreciated the need for responsible trade unionism for healthy industrial relations and played a big role in establishing a Rashtriya Mazdoor Sabha. But as an employer he believed in a personalised approach to labour relations. It was indeed his policy of regarding and treating his workers as his own to whom he was nearer than anyone else which formed the bed-rock of happy industrial relations at Modinagar.

Invariably every year when Mr. Modi's birthday was celebrated, workers held meetings and felicitated him. He accepted their good wishes with folded hands and he would announce various measures of public welfare to show his love and concern for the workers and the inhabitants of the town. For instance, in 1966 the workers felicitated him in the Workers' Club of the Textile mills and placed before him the problem of admission of their wards to schools. While acceding to their demand for another school he laughed and said that they were increasing the population at such a speed that he had to open a new Junior School every year to meet the increasing educational requirement of their wards. He, then, enjoined on them to restrict their families. As a measure of encouragement

he announced Rs. 100 with seven days leave with pay to the worker who got himself sterilised. In 1967, he distributed 115 radio sets to those who went for Vasectomy operation. Thus much before the Government realised the dangers of a population explosion and embarked upon a family planning campaign, Mr. Modi encouraged the small family norm among his workers. He anticipated that sooner or later the Government will have to adopt it as a national programme to take advantage of the rapid strides made by India in the agricultural, industrial, scientific and economic fields.

On each birthday, while Mr. Modi was at Modinagar, he used to plant a sapling as he believed that the trees were the nation's wealth. It is indeed his inexhaustible interest in tree plantation that hundreds of plants are grown in the Modinagar colonies and lawns. He advised the people of Modinagar to exercise utmost control in the felling of trees. He also made provision for replacement of old trees felled down. As an encouragement he himself planned and planted an orchard of mango trees at Modinagar known as 'Sikri Bagh' where different birds chirp and twitter and have made it their home. In the season the 'Bagh' becomes a veritable nest of singing birds.

Mr. Modi was also religious-minded like his father and fore fathers. This trait in him deepened and developed as he prospered in business. Whenever he could spare time, he went out on a pilgrimage to perform his religious duties as well as to get the much-needed respite from ceaseless work. The initial impulse for pilgrimage, however, was provided by the vision of the Mahatma which had several times come to his aid when he was faced with the various problems in his early industrial career. He had ever since been keen to seek out that holy person. On his first pilgrimage in 1951 he decided to go to Badrinath. About this pilgrimage there is an interesting story. Mr. Modi had gone to Meerut to attend a tea party where he met Dr. R. K. Caroli, the famous cardiologist. On his way back home Dr. Caroli accompanied him. He discovered that Mr. Modi was having some difficulty in breathing. He diagnosed that his heart valves were defective. He advised him not to go to the hills because climbing heights would strain his heart. But Mr. Modi was determined to go, and so his reply was that if he died at the feet of God, he would be fortunate, but if he survived it would be proved beyond doubt that his faith was genuine and God desired to keep him beyond harm's reach. He



went on the pilgrimage and returned hale and hearty. Such was his faith in the will of God.

In his second pilgrimage in 1953 when he went to Gangotri, he met Swami Krishnashram ji Maharaj who he at once realised was the living embodiment of the figure of the visions that had haunted him in his dreams. He became his disciple and thereafter pilgrimages to holy places at intervals became his routine. He visited practically all well-known holy shrines in the north and south of the country at different times in his lifetime.

Mr. Modi was a God-fearing man with a devotional bent of mind. He built a number of temples in the labour colonies of Modinagar, besides the shrine of Bhagvati Devi at Shukratal in Muzaffarnagar District of U. P. and Lord Shiv Temple at Patiala in Punjab. He also built the magnificent Laxmi Narayan temple at Modinagar. It is a marvel in red sandstone, a triumph of the architect's imagination, where the soul inspiring saga of our ancient religion is beautifully carved. The design of the temple was prepared by Mr. M. L. Roy, the famous architect of Kanpur who had earlier designed the building of the well-known Birla Temple in Delhi. The temple is an exquisite structure and stands in the heart of Modinagar. It is a source of attraction for passers-by and visitors. Gay parks and fountains around the temple encourage people to spend time in its lawns. He was later cremated in the lawns of this temple where a marble samadhi is to be constructed.

Mr. Gujarmal had boundless faith in God. He strongly believed that he was a mere instrument of the Divine Will and that his efforts would succeed only if God willed them to.

Mr. Modi was also a great philanthropist. He established the R. B. Multanimal Modi Charitable Trust and the Sainik Bhawan at Patiala. He established a Sadhu Ashram at Patiala.

However, his single biggest contribution to the cause of public welfare is the Eye Hospital and Ophthalmic Research Centre at Modinagar to which he contributed Rs. 3 million. It is now working in collaboration with the National Society for the Prevention of Blindness. Its foundation ceremony was performed on 26 April 1975 by the late President of India, Mr. Fakhruddin Ali Ahmed. This Research Centre is an integrated centre for promotive, preventive, curative and

rehabilitative care backed by education and research. It will not only endeavour to prevent eye disease and blindness through appropriate methods of publicity media, conduct surveys in schools and colleges, industrial workers, rural population and continuously evaluate the community needs of the changing society but will also have a mobile unit fully equipped with instruments and medicines for giving immediate relief to patients at their door-steps. It will help to collect statistics on the incidence of eye diseases in rural and industrial areas to help the government to plan various ophthalmic health programmes. Mr. Gujarmal Modi realised the dire need of such a centre in the country. He was determined to make the centre a model institution to control blindness. He had also made up his mind to create employment opportunities for the blind.

Mr. Modi promoted the welfare of women by establishing a Samaj Kalyan Vibhag. The Samaj Kalyan Parishad organises tailoring and embroidery classes for women. There is also an adult education centre under its charge. It ensures employment for widows and has also arranged some widow-marriages. Now this organisation runs under the patronage of his wife Mrs. Dayawati Modi, who like her husband takes keen interest in all philanthropic activities.

Mr. Modi also made substantial contribution in rehabilitating displaced persons when the partition of India took place. He constructed Govindpuri Colony consisting of 500 houses and 25 small scale industries. All those persons who were rehabilitated were provided employment either in Modi enterprises or in small scale industries set up in this colony.

As a philanthropist, he also contributed greatly to the cause of education. He established a chain of schools and colleges at his birth place, Mahender Garh, at Patiala and at Modinagar. He supported higher education by giving grants to established institutions like Banaras Hindu University, colleges in Meerut and other places. There is an interesting story behind the establishment of the M. M. Modi Degree College at Modinagar, which is one of the prestigious educational institutions devoted to higher education in Uttar Pradesh. In 1957, Mr. Modi wanted a nephew to be admitted to the B.Sc. class in Meerut College, of which he was a generous patron. At this, the Principal is said to have remarked that if Mr. Gujarmal was so keen on college education, why didn't he establish a college in Modinagar? Mr. Modi did not take the remark as an affront. On the other hand,

it sparked off a desire in him to establish a college at Modinagar. The following year the college began to function in right earnest. It was named Multanimal Modi Degree College after his father. It is now a full-fledged post-graduate institution imparting education in 13 subjects of Science, Arts and Commerce and is regarded as one of the best colleges affiliated to Meerut University. It also has an extensive- students' hostel constructed at a cost of Rs. 5,00,000 and was inaugurated on 16 January 1961. A Women's Training College and Nurses' Training Centre at Modinagar in 1965 was also set up by him. All these institutions provide education to more than 16,000 students. Dependants of the workers of different Modinagar industries get free education or training in these institutions. Monetary help and stipends are also available for students going in for higher education in India and abroad.

He also established a High School and a Sanskrit Pathshala at Mahinder Garh, his birth place and a degree college at Patiala, also named after his father.

He was interested in scientific research and development. He contributed Rs. 2.5 million for the establishment of the Modi Science Foundation at Modinagar in 1975. It has a cotton development scheme to train cotton growers, and use the latest methods of producing high yielding varieties of natural fibre.

Mr. Modi also inspired his younger brother Mr. Kedar Nath Modi to found a public school named after Mr. Gujarmal Modi's wife, Mrs. Dayawati Modi. Herself a great patron of education, she is President of the Public School. It is affiliated to the Central Board of Higher Secondary Education. It is housed in a two-storey building with 30 spacious class rooms and well-equipped laboratories. A grand auditorium is a special feature of the school. The Principal's lodge and the staff quarters are complete. A self-contained hostel, a swimming pool, a gymnasium, a Gita Bhawan and a horse-riding track are also under construction to complete the school complex.

Mr. Modi had a multi-faceted personality. He was a born administrator. An ardent believer in God, he was never after power. He led very simple life and believed in sharing all that he had with everyone around him. Throughout his life, he helped a number of people. He also helped his relatives, friends and refugees by setting up industries for them. He was particularly sympathetic towards the poor and

the needy, who, therefore, loved and respected him. He won respect and esteem of one and all because of his inimitable capacity to distinguish between right and wrong and to stand up fearlessly for what he regarded as his moral duty. Modinagar is a tangible expression of his untiring efforts for and dedicated service to the cause of India's industrial development. Less tangible though, but equally abiding, is the place he has carved out for himself in the hearts of thousands of men and women who knew him. He was indeed a great humanitarian even more than a great industrial magnate.



The Padma Bhushan was awarded to Mr. Modi on 7 April 1968. The citation accompanying the award lauded his achievements and contributions in the fields of industry, social service and education. It read:

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