

Confidential
Kanji Dwarkadas

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DR. KRISHNA RAO, LABOUR MINISTER

OF MADRAS

I had two meetings with Dr. Krishna Rao on Tuesday, 27th September and on Wednesday, 28th September, first all by myself and the second with Mr. Coulthard and Mr. Barr. They had told on Monday, the 28th evening that conciliation in regard to bonus and two or three other demands had failed and that the Conciliator's failure report would soon be sent to the Labour Minister.

Dr. Krishna Rao told me on the 29th that he had ~~not with him no~~ ^{not received the} report from the Conciliator and that he did not know that conciliations proceedings had come to an end, but if they had, he said, he would have no hesitation in referring the whole question to adjudication, as it was not for him and the Government to consider the merits of the demands. I explained to him how a reference to adjudication in Madras where there were only less than 250 workers would upset and affect adversely the agreements in regard to bonus between the management in Bombay and Calcutta and their workers made through negotiations with the Works Committee and the Union respectively. I also pointed out to him that we had consulted the Bombay Labour Minister before the final decision was made and in view of the disruptive activities of the Communist Union in Bombay

had hurried down the

we were sure that the Bombay Government would not refer
our demand to refer
the question of bonus to adjudication.

Dr. Krishna Rao said that he was not bound by the actions of the Bombay Ministry. I told him that I understood this quite clearly and it was not our intention to bring any pressure on the Madras Government and suggest that they must accept the Bombay Government's decision. I told him that the Bombay Labour Minister had studied the balance sheet fully and had asked for certain explanations which we had given and he had told us that our offer of 17%, later increased to 17½%, as bonus was fair. Dr. Krishna Rao said that unfortunately he was a Doctor and not a Solicitor like Shantilal Shah and therefore could not understand the intricacies of a Balance Sheet.

I pointed out to Dr. Krishna Rao that as against 2400 workers in Calcutta and Bombay factories, there were only a little over 200 workers in Madras and the bonus was to *be* calculated on an all-India basis and not just in one of these three places and therefore it would not be correct to let 200 workers upset the agreement brought about by 2400 workers.

Dr. Krishna Rao wanted to know if the management in Madras had co-operated with the Conciliator and whether they took a stand that as Bombay and Calcutta had already decided on 17½% there was nothing more to be said about this matter at the conciliation proceedings

and if the Madras management had taken up that attitude, the Minister said, it would be wrong and would amount to non-co-operation and he would therefore have no other alternative, but to refer the dispute to adjudication. I told him that I could never imagine that the management in Madras had taken up this kind of tactless attitude, but that Dr. Krishna Rao could satisfy himself on this point by having direct talks with Mr. Coulthard and Mr. Barr and I then fixed up with him a meeting with Coulthard and Barr on Wednesday, the 20th September.

In a very general way at the first meeting I spoke to Krishna Rao about the tactics adopted by the Communist union in Kx Bombay with a view to cause disruption and sabotage.

On Wednesday, the 20th Mr. Coulthard and Mr. Barr satisfied Dr. Krishna Rao that there was no non-co-operation with the Conciliator so far as the management was concerned, but that it was the Union Representative who had taken up an unhelpful attitude and had turned down efforts at successful conciliation. The Conciliator had seen both the parties separately and having ascertained the views of the management, had met Iyengar, the Union Representative, but Iyengar would agree to no compromise. Dr. Krishna Rao said that he was satisfied with this explanation of the management. We then had a long discussion on the merits of the demands which ~~included~~ included, inter-alia- bonus and suspension of workers.

The management was prepared to meet the wishes of the Conciliator and the Minister in regard to the question of punishment to some of the workers. As regards the question of Works Committee, the Minister said it would not be helpful to force this issue on the workers at this stage.

We had a further discussion in regard to the activities of the communists. Krishna Rao said that in the new legislation that Giri would bring forward the management would be compelled to recognise a Union which had a certain percentage of membership. Krishna Rao said that he knew how obnoxious Section 33 was and that Giri would in some way or other remove this from the new proposed legislation. I told him that there was no prospect of any labour legislation coming from ~~Mr.~~ Giri as he had been bullied into accepting a defeat at the hands of the INTUC High Command. Krishna Rao said that he knew that Jagjiwan Ram and Lal Bahadur Sastri had brought great pressure on Giri and Giri was very unhappy about it and had told him only the day before that he (Giri) would offer resignation as Union Labour Minister if he could not have his own way. I told Krishna Rao that I knew Giri was talking big about this for the last 7 or 8 months, but apparently the odds were too much against him and that he was not in a position to give a fight against his colleagues in the Cabinet and the INTUC higher authorities, amongst whom were included Khadubhai

Desai and Shantilal Shah. In August Morarji Desai had told me that he had given a piece of his mind to Giri about his proposed legislation and Giri had given way.

But Dr. Krishna Rao said there were great difficulties in Madras in regard to Trade Union Movement. The INTUC was very weak in Madras and their main official was a Member of ~~the~~ ^{new} Parliament in Delhi and had therefore very little time to attend to the Trade Union work in Madras. As regards the other INTUC workers, they were as bad as the communists with this difference that they were weak and ineffective. He knew that the communists in Madras were creating trouble and he himself had experience of the disruptive activities of Iyengar. But in spite of that he could make no distinction between a communist union and a congress union and had to accept them all.

Dr. Rao admitted to us that we had made a very good case against adjudication and he left no doubt in our minds that if he were the final authority to decide this question, he would reject the demand for adjudication and he was quite frank about it. But he said he had to take his orders from Rajaji. Rajaji was very unhappy just now because of the virulent attacks on him from all sides in the State. If anything went wrong in the State e.g., if the monsoon failed, then Rajaji was to blame; if anything went right, then it was so in spite of Rajaji. Rajaji felt bitterly about this unfair criticism and everywhere there was trouble around him which made him

Krishna Rao said

depressed. The inauguration of the Andhra State on 1st Oct. would not end the troubles, they would only begin and for the next 3 years and more, troubles will take a very virulent form and all this affected Rajaji. He had enemies to fight on all fronts and therefore he wanted to postpone the fight against the communists in the Labour world and *was* ~~took~~ a short-cut to outer peace by referring to adjudication all demands raised by communists. In regard to the labour dispute in the Simpson factories, Krishna Rao said, he did not want the dispute to be referred to adjudication, but Rajaji had forced him to do so.

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I told Krishna Rao that this kind of appeasement of communists in the labour world was fraught with great danger and it would affect not only Madras, but the whole of the country. The postponement of the fight would only encourage the communists to have a more unhealthy hold on the workers, as the workers would feel that the communist union had brought them certain advantages and in the case of our factory in Madras, we could not recognise the communist union, because then we would have to face similar demand for recognition from the Bombay communist union and further in the event of a non-communist union coming up in the Madras Factory, if the Government appease the communist union, the other union would disappear, and the communist union ~~will~~ *would* have more opportunities for mischief. Dr. Krishna Rao understood this clearly.

Our arguments had convinced Krishna Rao

that we were in the right and that there was no need for adjudication and he then told us how he proposed to deal with this matter. First, he would discuss the whole question with the Conciliator and find out his re-actions in regard to the conciliation proceedings. (As regards the Conciliator, Coulthard and Barr told me that his confidential report to the Minister would not be unfavourable to us). Then Krishna Rao would send for Iyengar and find out how far he was prepared to make a compromise settlement. Then he would ask Coulthard and Barr to discuss all the points arising out of his talks with the Conciliator and Iyengar. Krishna Rao felt that he might ^{be} able to bring about a settlement made through some sort of adjustments and if however he found that no adjustments were possible, he would call another conference presided over by himself with the Conciliator and the representatives of the Union and the management.

The first talk with Dr. Krishna Rao lasted about 45 minutes and the second talk for about an hour and so far as Dr. Krishna Rao was concerned, we felt that left to himself, he would not refer the matter to adjudication.

Bombay,
11-10-1953.