

**DEVELOPMENT OF INDUSTRIES
FOR WAR SUPPLIES**

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S. I. S.

GOVERNMENT OF INDIA
DEPARTMENT OF INDUSTRIES & SUPPLIES

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FOR
WAR SUPPLIES

by

DR. P. J. THOMAS



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This report was prepared by Dr. P. J. Thomas, who was appointed as Officer on Special Duty in the late Supply Department to carry out an investigation into the industries which had been started or were developed to meet the requirements of the Defence Services in connection with the War. Although the report was produced at the instance of the Government of India, the facts and figures given and the opinions expressed in the Report should not be regarded as official.

PREFACE

The instructions received from H. M. Supply were that I should collect relevant facts regarding industries newly started or developed for meeting war requirements. It was also decided that I should first take up the industries in the D.G.S. group and then proceed to Calcutta to study the industries included in the D.G.M.P. group.

2. Although the ultimate object of the enquiry is the post-war rehabilitation of industries, the first step is to gather information regarding the pre-war condition and war-time developments of industries, along with any points on post-war adjustment which could be got from the Directorates. Accordingly I drew up a questionnaire in three parts to form the basis of my enquiries (see Appendix A).

3. My first task was the selection of industries for study. I consulted the D.G.S. in this matter, and with his help, about 45 industries were selected. In order to help me, in this work the D.G.S. called together the D.D.G.'s to a Conference, at which the *modus operandi* of the enquiry was decided on. The D.D.G.'s in their turn called together the Directors under them and explained the nature of my requirements. I then proceeded to gather the data with the help of the Directorates. In some cases, files containing information were handed to me for use; in other cases notes were prepared for me. Many points were then cleared up by personal discussion. I then drew up my own notes and had them checked by the respective Directors. Help has also been received in this work from the C.C.P.(S) and his staff and from officers of Supply Finance.

4. I must here express my gratitude to the D.G.S. and his staff, and to the C.C.P.(S.), for the ready assistance they gave me. While I have received most of my data from the Directorates, any views contained in the Report are my own, and no one else is responsible for them.

P. J. THOMAS.

29th February 1944.

INTRODUCTION

This Report deals with the present position of Indian industries which have lately expanded or have been newly started for meeting war requirements. The information contained in it is drawn mainly from the Directorate General of Supply, Supply Department. The scope of the Report is necessarily limited, because the data available in that Department are confined to such industries and such aspects of the industries as have come into view in the course of the Department's efforts to procure war supplies. However, as nearly all the industries have actively participated in war production—in fact most of them have lately been mainly engaged in carrying out war orders—the Supply Department is in possession of a great deal of information in regard to industries, and its Directorates could gather more, if need arises. There is no doubt that the experience accumulated and the contacts established by the Supply Department will be essential for making plans for the rehabilitation of industry after the war.

2. Many of the developments sketched in this Report happened since Japan entered the war, and because of it. Till then, Japan had been sending to India a variety of cheap consumption goods and her industrialists had been taking full advantage of India as a price market. This competition has been the greatest obstacle to India's industrial progress, and if after the war Japanese imports revive, many of our new industries may be throttled. One fears that the importance of this fact is not as widely recognized in India as it should be.

3. Much of our recent industrial development has been necessarily of an improvised character. When imports ceased or urgent military necessity arose for some essential commodity, contractors or producers came forward and offered to supply the goods or such substitutes as the country could provide. In these circumstances, production had to be undertaken at short notice, sometimes with inadequate machinery and imperfectly skilled labourers, and in many cases high costs had to be incurred. Nor could price be the prime consideration when urgent military necessity compelled the procurement of goods somehow within the country.

4. In view of the above, there seems to be ground for gratification at what has been achieved. As will be clear from the following pages, many of the old industries (*e.g.*, footwear, glass, silk) have greatly expanded, natural resources hitherto lying idle—minerals, chemicals, vegetable and animal products—have been exploited, and a variety of new industries have come into being. Thus the industrial field in India has been greatly widened, a more rapid industrialisation has become possible, and employment has substantially increased. The fact that the consumption of sulphuric acid—generally regarded as a reliable index of industrial progress—has doubled in about two years shows that a large expansion has taken place in industrial production and that progress is not confined to small-scale industries. Substantial additions to industrial equipment have also been made by the installation of plant and machinery made largely at H.M.G.'s cost. Even more striking is the increase in the number of technicians and the spread of technical skill generally in the country. These developments have been largely haphazard; but if proper steps are taken for the transition from war to peace, Indian industry will emerge out of the war greatly expanded, and with greater prospects in store.

5. It may be that the recent increase in industrial production was greatly due to spoon-feeding by the State and the guaranteed market provided by the war demand. It is also true that such conditions cannot continue long after the war. But if proper steps are taken in time for the rehabilitation of industry by utilizing the valuable experience accumulated in this field by the Supply Department, the difficulties of transition can be greatly avoided, and Indian industry can make rapid strides forward. In future, industrialists will indeed have to rely much more on their own enterprise and initiative, but this adjustment cannot be very difficult in an environment of active co-operation between Government and industry.

6. In deciding on suitable action to be taken to foster deserving industries, fuller data are required than is possible in this preliminary enquiry. Only readily available data have been gathered and only the salient features have been dealt with. Obviously the first step is to find out which industries call for special action of any kind. In making any decision on this point, the data gathered here may be helpful. That decision having been made, it will be possible to make more detailed enquiries on such industries as call for greater attention. This would involve local enquiries in industrial centres. Even in this work, the contacts established by the Supply Directorates can be of great help.

7. There is also need for recording recent industrial development for the use of the public as well as of Government. That Indian industry has made some progress lately is known, but the extent, nature and measure of it is not known widely. On the other hand, there is the oft-repeated complaint in political circles that Indian industry has not tangibly benefited by the war. In these circumstances, the early publication of a book on the subject of industrial development in war-time will be of great use in many ways. The present Report can form the nucleus of such a work. The nature of the Supply Department's business relations with Indian industries must also be dealt with, and this will be of great help to the Government when similar situations arise in future. It may be possible to compile such a work while the Directorates of the Supply Department are functioning, but it will become difficult after their disbandment. Hence the urgency of this matter.

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