

TEXTILE INDUSTRY IN INDIA

BY

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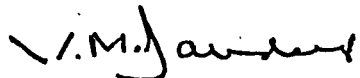
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(Title)

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(Supervisor)

TEXTILE INDUSTRY IN INDIA

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INTRODUCTION

A number of good studies are available on India's textile industry. Therefore, the choice of the subject for the present research needs some explanation.

Among the several studies of the Indian Cotton Textile Industry, the foremost is M.P. Gandhi's celebrated work "The Indian Cotton Textile Industry - Its Past, Present and Future." It was first published in 1930 and revised in 1937. It covers the period from 1850 to 1937 and gives a comprehensive account of the growth of the mill industry as also the development of handloom industry during this period. The second notable study is N.H. Thakkar's "The Indian Cotton Textile Industry During the Twentieth Century". It was published in 1949 and covered the period from 1914 to 1945. It is a detailed study of the development of the mill industry during this period but makes no reference to the handloom industry. The third study, rather different from the above two, is S.D. Mehta's "The Indian Cotton Textile Industry, an Economic Analysis." It was published in 1953 and covers the period from 1850 to 1950. Its special feature is that it is primarily a techno-economic study of the equipment pattern, costs, organisational set up, marketing structure and financial aspects of the industry and focusses attention on the mill industry.

The three major studies mentioned above, published as

they were before 1953, naturally cover the period upto 1950. Developments since then are covered in V.B. Kulkarni's study "History of the Indian Cotton Textile Industry". The study was sponsored by the Bombay Millowners' Association and was published in 1979. The development of the textile industry since 1950 has been greatly regulated and directed by a public policy aimed at limiting the mill industry and protecting the handloom industry. Kulkarni's study gives a good account of these developments but rather selectively from the millowners' point of view.

The present study of the textile industry in India is intended to fill what are perceived as major gaps in the existing literature on the subject. Most importantly, it attempts to give a connected account of all sectors of the industry, namely, mills, powerlooms, handlooms and khadi. We have tried to give a well-connected account of the historical evolution of each sector upto 1950, the development of policy during 1951-1980, its achievements and failures and an analysis of the performance of each sector during 1951-1980. Taken together, the study constitutes what may be described as a contemporary history of the textile industry in India.

The study falls into three main sections. The first section gives the early history of the cotton mill industry upto 1950. As already mentioned, this ground has been covered earlier by M.P. Gandhi upto 1937, by N.H.

Thakkar with reference to the period 1914-1945 and by V.B. Kulkarni right upto 1950. We have, however, found it necessary to go over the ground again. We hope that our account is an improvement over the earlier studies and is better supported by well-articulated statistical data.

The history falls into three parts. The first part, covered in Chapter I, narrates how, with the development of textile technology in England during the later part of the eighteenth century, India lost her erstwhile position as leader in the textile field. In a brief period of less than two decades following this, India's exports of cotton goods to England declined drastically while, on the other hand, her imports of British cotton goods increased greatly. The reversal of the relative position of India and England was, in the final analysis, due to the technological advance made in England in which India was left behind. But it was greatly hastened by the imperial trade policy of England. The statistical data and other evidence relating to these developments have been cited chiefly from Romesh Dutt's 'Economic History of India'.

The first cotton mill industry in India was established in 1818, only two decades after the establishment of the first spinning and weaving mills in England. The story of the early establishment and growth of the mill industry upto 1925 is narrated in Chapters II and III. The development of the industry during this period was practically unaided by State policy. Depression conditions

in the industry during 1923-1926 led to a demand for protection by the Bombay Millowners' Association, and in 1930, the industry was granted protection under the Cotton Textile Industry (Protection) Act of that year. The protection was finally withdrawn in 1947. The progress of the mill industry during the period of protection is traced in Chapter IV. In Chapter V we conclude the historical section with an account of the developments in the war and post-war years, that is 1940-1950.

We have tried to build continuous statistical series for the historical period with reference to growth in capacity, production, foreign trade and domestic consumption from data provided by the Bombay Millowners' Association, Statistical Abstract Relating to British India, Review of Trade of India and Report of the Textile Enquiry Committee (1954). Although the availability of statistics on all these counts is fairly adequate for the period 1901-1950, the same cannot be said for the period prior to 1901. Production statistics in particular, are available only from 1896 onwards. However, we have tried to make the best use of the available data.

The second section discusses the development of textile policy since Independence. A major goal of this policy has been to promote the textile industry in its decentralised sectors, namely khadi, handloom and powerloom. With reference to handloom and powerloom, we have distinguished two phases in the evolution of policy:

the protection and promotion of handloom, and the transition from handloom to powerloom. These are covered in Chapters VI and VII respectively. In Chapter VIII we have traced the evolution of the policy with reference to khadi. As a background to policy development we have summarised the historical development of each sector. The evolution of the policy is traced by reference to the reports of the various committees appointed by the Government from time to time and other relevant documents.

The third section attempts an evaluation of the performance of the several sectors of the industry, namely mills, powerloom, handloom and khadi during 1951-1980. In Chapter IX we have dealt with the performance of the mill industry. This is done with reference to growth in capacity, capacity utilisation, production and employment in spinning, weaving and processing and financial aspects. We have also included an evaluation of the performance of mills under the National Textile Corporation. As far as possible we have tried to build the relevant statistical data into continuous series for the entire period 1951-1980. Our sources of statistical data are the Indian Textile Bulletin, publications of the Indian Cotton Mills' Federation, Financial Statistics of Joint Stock Companies in India published by the Reserve Bank of India, Public Enterprise Survey published by the Bureau of Public Enterprises and annual Reports of the National Textile Corporation. On the whole, fairly exhaustive data are

available with reference to the mill industry on a regular basis, though the data relating to financial aspects have many limitations.

In Chapter X we have dealt with the progress of the decentralised sector consisting of handloom, powerloom and khadi. The *raison d'être* of protecting and promoting these sectors is their great employment potential. Hence, we have attempted to evaluate the performance of each of these sectors by relating the direct and indirect assistance given to these sectors in the form of excise concession, rebates and subsidies to the additional employment and wage bill generated in them. We have also tried to assess the performance of Spinning and Weaving Co-operatives in the decentralised sector.

The data relating to the decentralised sector are not as complete or satisfactory as in the case of the mill industry. However, we have made the best use of the available data, which are often culled from the reports of various committees appointed by Government, the Five Year Plan Documents and similar sources. With reference to the development of co-operatives, however, the 'Statistical Statements Relating to Co-operative Movement in India' published by the Reserve Bank of India are quite adequate.

Finally, in Chapter XI we have given an overview of all the sectors of the textile industry taken together and assessed the aggregate performance with reference to

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production and exports. We conclude with estimates of domestic per capita availability of cloth and an assessment of efforts to supply cheap cloth for mass consumption. We hope that all in all, the study makes a worthwhile contribution to the available literature on the subject.