

**REPORT
OF THE
COTTON
TEXTILE
COMMITTEE
1968**

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APPOINTED BY THE GOVERNMENT OF MAHARASHTRA

REPORT OF THE COTTON TEXTILE COMMITTEE
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(Cotton Textile Committee)

No. CTC-1167/TEX-CELL,
INDUSTRIES AND LABOUR DEPARTMENT,
Sachivalaya, Bombay-32,
Dated 14th August 1968.

To

The SECRETARY TO THE GOVERNMENT,
INDUSTRIES AND LABOUR DEPARTMENT,
SACHIVALAYA, BOMBAY.

Sir,

I have great pleasure in forwarding herewith the Report of the Cotton Textile Committee appointed by Government at the end of September, 1967.

It is the Committee's hope that the Report will contribute substantially to the taking of right decisions on the complex issues relating to the Cotton Textile Industry in the State.

Yours faithfully,

S. V. KOGEKAR,
Chairman.

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CHAPTER I

INTRODUCTION

The Government of Maharashtra by its Resolution No. TCM. 1067/122181-TEX, dated the 29th September 1967, appointed this Committee. The relevant extract from the Government Resolution stating the composition of the Committee and its terms of reference is reproduced below :—

“The Cotton Textile Industry is one of the oldest in Maharashtra and accounts for nearly ½rd of the country’s capacity both in industry as well as in employment. As far back as in 1958, a Committee was appointed by the Government of India to make a rapid study of the problems facing the industry and suggest remedial measures, and also to examine the need for modernisation and rationalisation and suggest proposals for carrying out the programme. The Committee made many useful suggestions, but it would appear that not all of them could be implemented in a vigorous and satisfactory manner. Of late many units in Maharashtra have been facing several problems of management and finance and many have had to close down causing thereby fall in the production of an essential commodity and reduction in employment. Government had tried to meet the situation by various *ad-hoc* measures, but these have not met the situation completely. Government is, therefore, pleased to appoint a Committee of the ensuing which shall consist of :—

Chairman ... Shri S. V. Kogekar.

Members ... (1) Shri S. A. Kher.

(2) Shri I. B. Dutt.

Shri A. J. R. Gonsalves, Textile Officer,
Industries & Labour Department,
Secretary.

2. The Committee shall,—

(i) examine fully the present situation of the cotton textile industry in the State in all its aspects and (ii) make a report to the Government on the—

(a) Reasons for its present state and

(b) Measures to be taken to put it on an even keel.

3. The Committee is not restricted by the above terms which are advisably kept broad and may go into any other relevant matter and make its recommendations.

4. The Committee shall complete its investigations and make its report within a period of six months from the date of this Resolution.

5. The Committee may visit such places as it considers necessary and record the evidence of such persons as it considers necessary.”

1.2. The Committee held its first sittings on the 25th and 26th October 1967 for preliminary discussions on the scope of and procedure for the enquiry. The Committee decided to elicit public opinion on the problems

facing the cotton textile industry in the State, and issued a press note on 27th October 1967, which was given wide publicity in the daily newspapers. Thereafter copies of the press note were also separately sent to the various mill-owners' associations, powerloom organisations, associations of the cotton textile industry and trade, and various labour unions all over the State. A copy of the press note is at Annexure II. The Committee thereafter issued a brief questionnaire, divided into two parts for collecting factual information about the industry, to all the cotton textile mills in the State. A copy of this questionnaire is at Annexure III.

1.3. The Committee visited the main centres of the textile industry in the State and had fruitful discussions with representatives of the industry and labour at these places, as well as with the handloom and powerloom interests wherever possible. The Committee also met the representatives of the Millowners' Association, Bombay, the Indian Cotton Mills Federation, the various labour unions and some individuals connected with the industry at Bombay. Lists showing the centres visited and individuals and representatives of industry, trade and labour who appeared before the Committee are at Annexures IV and V. The Committee received a number of detailed memoranda on different aspects of the industry. A list of their senders is given at Annexure VI. 65 mill companies representing 80 mills sent in their replies to the questionnaire though a few of them were incomplete in some respects. Their list is at Annexure VII.

1.4. The collection of factual data and the detailed analysis of the published accounts for five selected years pertaining to mill companies took longer than was originally expected, and the Committee had to request Government for an extension of its time limit. Government was accordingly pleased to sanction an extension of the period for the submission of the Committee's report by four and a half months.

1.5. As the deliberations of the Committee progressed it was evident that the industry posed a number of difficult problems. The Committee's approach has been to view the various aspects of the industry—the supply of cotton, labour, powerlooms, co-operative spinning units and private and Government mills—as parts of an integrated whole, each contributing a vital element to the total picture of the cotton textile industry in this State. It is with this approach that the Committee has analysed the problems affecting the various sectors and suggested remedial action. The Committee has not thought it necessary to extend its enquiry to the handloom sector in the State as it is a separate subject by itself and the Committee would not have been able to do justice to it within the time at its disposal.

1.6. The Committee is grateful to the various mill interests, the Indian Cotton Mills Federation, the Millowners' Association, Bombay, the Maharashtra State Co-operative Marketing Federation and the representatives of powerloom organisations and labour as well as individuals who replied to our questionnaire, sent memoranda or met the Committee and shared their views and suggestions with it. The Committee is also thankful to the officers of the Co-operative Marketing Department (Cotton) and the Department of Agriculture (Cotton Development), Poona, for their discussions with the Committee. Grateful acknowledgment is due to the State Bureau of Economics and Statistics for preparing the map appended to this Report.

1.7. The Committee is thankful to the State Government and particularly to Shri S. V. Bhave, Secretary to the Government of Maharashtra, Industries and Labour Department, for their constant help in many ways in the Committee's work. The burden of the Secretarial work of the Committee which also included the specialised task of analysing a large number of balance sheets of mill companies in the State was very competently borne by Shri A. J. R. Gonsalves, Textile Officer, Government of Maharashtra and Secretary of the Committee. The Committee would like to place on record its appreciation for the efficient manner in which he carried out his duties. The Committee would also like to record a word of appreciation for the able assistance of Shri V. B. Katti, Head of the Textile Cell in the Industries and Labour Department, and other members of the staff who assisted the Secretary in his work.

CHAPTER II

IMPORTANCE OF THE COTTON TEXTILE INDUSTRY IN THE ECONOMY OF THE COUNTRY AND THE STATE

2.1. The Cotton Textile Industry holds the premier position among all industries in India by virtue of both age and magnitude. It touches the lives and occupations of millions of our countrymen, be they the agriculturists engaged in cotton cultivation, the workers employed in the various sectors of the industry—mills, powerlooms, and handlooms—or the vast army of persons engaged in the trade and transport of cotton to the consuming centres and the ultimate distribution of cloth and yarn to the far flung towns and villages in the country. The textile mill industry at present provides direct employment to nearly 8 lakh workers which is about 1/5th of the total labour force employed in the entire organised industrial sector in the country. Besides this direct employment a large number of workers are employed in the manufacture of textile machinery, stores and spare parts, dyes, chemicals, textile accessories and auxiliaries.

2.2. The textile mill industry in India is now over 110 years old. The first textile mill was started in Bombay in 1854 and in the earlier years many mills commenced working in and around the city. Ahmedabad and Gujarat followed closely and although many mills were established all over the country in later years, Maharashtra and Gujarat are holding the top positions in Indian textiles as may be seen from the following table :—

TABLE I
Indian Textile Industry—1967

Serial No.	Region.	Maha-rashtra.	Gujarat	Other States	All India Total
1	Spindles installed in millions ..	4.5	3.5	9.0	17.0
2	Looms installed in lakhs ..	0.78	0.63	0.67	2.08
3	Workers employed per day in lakhs	2.39	1.73	3.67	7.79
4	Cotton bales of 180 kg. consumed in lakhs:				
	(i) Indian	11.85	9.09	30.41	51.35
	(ii) Foreign	2.77	1.78	2.09	6.64
	Total bales ..	14.62	10.87	32.50	57.99
5	Cloth produced in million metres	1,355	1,264	1,479	4,098

Source : Indian Textile Bulletin

2.3. It was in the post-independence period that the industry expanded rapidly and the number of spinning mills which was only 88 in 1948, has increased to 346 to-day. Similarly the number of composite mills has increased from 268 in 1948 to 289, as will be seen from the Statement No. 1 in Annexure-I. It will also be observed that the installed capacity has increased from 10 million spindles and 1.92 lakh looms in 1948 to over 17 million spindles and 2.08 lakh looms in 1967.

2.4. Since cloth is a basic need second only to food, the cultivation of its basic raw material viz. cotton has a great importance. In the agricultural sector in India it is an important cash crop, cultivated on about 8 million hectares of land producing 55 to 60 lakh bales of cotton lint. Out of these, about fifty-two lakhs of bales are consumed by the Indian Mills. India requires besides to import annually about 6.5 to 7 lakhs of bales of relatively longer staples for spinning finer yarns. The annual production of cotton is valued at about Rs. 400 crores excluding cottonseed worth about Rs. 50 crores. Statement No. 2 in Annexure-I will show the consumption of cotton and production of yarn and cloth in India during the last 10 years.

2.5. The 635 mills in the country, besides meeting the needs of the internal cloth market, have earned the distinction of being the third major foreign exchange earner accounting for nearly Rs. 70 crores annually. The mill industry pays more than Rs. 100 crores by way of excise duties to the national exchequer besides sales-tax and octroi and local taxes estimated to be over Rs. 40 crores per annum.

Since the attainment of independence it has been the policy of the Government to encourage the decentralised sector of the industry, consisting of handlooms and powerlooms with a view to creating a potential for increased employment at the rural and semi-urban levels. 22 to 23 lakh handlooms worked commercially and 1.46 lakh powerlooms in the country together provide direct employment to over 65 lakhs workers.

2.6. Maharashtra leads the rest of the States in India in the matter of the production of cotton and of yarn and cloth in the mill sector of the industry. Of the 8 million hectares of land under cotton cultivation in India, Maharashtra accounts for 2.6 million hectares i.e. about $\frac{1}{3}$ rd of the total area. In terms of the production of cotton the state produces 13-14 lakh bales out of a total of 55 to 60 lakh bales grown all over the country i.e. about $\frac{1}{4}$ th of the total production. Maharashtra consumes about 15 lakh bales of cotton every year which is about 25-26 per cent. of the total cotton consumption by all the mills in India. Of the 346 spinning mills and 287 composite mills in the country 18 spinning and 77 composite mills i.e. about 15 per cent. of the total number are in Maharashtra. Of the 17 million spindles and 2.08 lakh looms installed in the country 4.5 million spindles and 78,600 looms are to be found in Maharashtra accounting for a percentage of 26 and 38 to the total respectively. As regards employment, over 2.4 lakh workers are employed in the mill sector in Maharashtra as against the country's total of about 8 lakh workers. In the powerloom sector as well, Maharashtra has the largest share having 94,579 looms, located in the State. The 1,64,000 handlooms in the State account for about 7.5 per cent. of the total of 22 lakhs of hand-looms in India.

2.7.- The cotton-textile industry thus occupies an important position in the economy of Maharashtra. It provides direct employment to nearly a quarter of the factory workers in the State not to mention the numbers employed on the handlooms and powerlooms in various centres. More than 85 per cent. of the cotton grown in the State is consumed within the State by the textile mills. The wages paid by the mill sector of the industry are higher than the average wages paid to workers in organised industry. The value of the cotton produced in the State is more than a hundred crores of rupees of current prices, excluding the value of cottonseed. On a rough estimate it appears that the cultivation of cotton and the working of the cotton textile industry in the State together account for nearly 10 per cent. of the annual income of Maharashtra. For all these reasons Maharashtra, perhaps more than any other State in India, has a great stake in the existence of a thriving cotton textile industry in the State.

2.8. A striking feature of the growth of the textile industry in Maharashtra is its uneven development in different regions of the state owing to various historical factors. As many as 59 out of the 95 textile mills in the State are located in and around Bombay City. The remaining 36 mills are scattered over a wide area from Kolhapur to Nagpur. With the development of electric power and easy means of communication, there is no reason any longer why the dispersal of the industry could not be more even, carrying the benefits of industrialisation to the countryside without creating the problems and privations incidental to congested urban life. The establishment of modern spinning mills on co-operative lines in different districts of Maharashtra in recent years therefore appears to be a step in the right direction. Alongwith such spinning units, Maharashtra has also a large number of powerlooms. They too are concentrated at certain centres and need to be spread out more evenly so as to offer employment opportunities over a wider area and also to function as complementary units to the new co-operative spinning mills. Given proper leadership, the future pattern of the textile industry in Maharashtra may well be dominated by the co-operative spinning mills run on modern business lines with decentralised weaving in a large number of powerloom units serviced by central processing houses also run on co-operative principles. Much sustained effort over many years of patient planning will be necessary before such a picture emerges from the present trends.

2.9. However, all is not well with the industry at the present day. Owing to a combination of several factors such as the high costs of labour, raw materials, stores and spare parts, high rates of taxation and the failure of the managements of several mills, by acts of commission and omission in the past, to adopt right policies, the industry is faced with great difficulties. It has, therefore, ceased to provide the assurance of either steady employment to the textile workers or remunerative prices to the cultivator of cotton. The profitability of the industry having declined it is unable to attract sufficient private investment or enough working capital from the banking institutions. The rate of replacement of old and obsolete machines has not kept pace with their wear and tear and productive efficiency has progressively deteriorated. Coupled with this, the low yield per acre of cotton grown in the country and Maharashtra is at the bottom of the list in this respect has resulted in acute shortage of the supply of the basic raw material causing a drain on scarce foreign exchange resources for imports of foreign cotton. The high cost

structure of the industry holds the constant threat of our exports being priced out of the international market. The overall picture is thus alarming enough to demand serious thought to the problems involved and energetic action for their solution.

2.10. In the issue of its bulletin for December, 1967, the Reserve Bank of India, has published the results of its survey of the financial position of 256 cotton textile mills representing over 80 per cent. of the total paid up capital of the industry. The survey covers the years 1960-66. The following tables worked out from this information will prove helpful in assessing the financial position of this industry.

TABLE II

Particulars of 258 cotton mill companies accounting for 80 per cent. of the paid up capital of the industry for the years 1963-66.

(Rupees in Crores)

Year	1963-64	1964-65	1965-66	Yearly Average 1963-66
1	2	3	4	5
1. Paid up Capital ..	124.39	126.46	130.55	127.13
(i) Ordinary ..	104.13	105.39	109.01	106.17
(of which bonus) ..	(49.39)	(29.49)	(51.68)	(50.19)
(ii) Preference ..	20.26	21.07	21.54	20.96
(of which bonus) ..	(5.47)	(5.47)	(5.47)	(5.47)
2. Reserves and Surplus ..	135.39	142.42	135.99	137.93
3. Gross Fixed Assets ..	511.30	563.12	616.74	563.72
Land ..	7.59	7.47	7.69	7.58
Buildings ..	89.51	98.78	109.17	99.15
Machinery ..	402.45	433.86	485.79	440.70
Others ..	11.75	13.00	14.09	12.95
4. Less Depreciation ..	264.89	299.82	328.17	297.63
5. Net Fixed Assets ..	246.41	263.30	288.57	266.09
6. (1)+(2)-(5) being capital surplus available as internal finance.	13.37	5.58	-22.03	-1.03
7. Stock and Stock in process (of which raw materials)	222.63 (84.89)	252.80 (84.84)	267.78 (84.79)	247.74 (84.84)
8. Bank borrowings ..	141.14	165.71	194.81	167.22
9. (7)-(8)-(6) being trade borrowings for margin money and capital debt.	68.12	81.51	95.00	81.55

TABLE III

Brief Particulars of consolidated Profit and Loss Account of 256 Cotton Mill Companies accounting for 80 per cent. of the total paid up Capital of the industry for the years 1963-66

(Rs. in Crores)

Year	1963-64	1964-65	1965-66	Yearly Average	Constituents as % of ex-factory realisations
1. Raw materials	334.92	368.13	395.87	366.31	45.8
2. Wages, salaries, Provident Fund, bonus and fringe benefits.	162.39	189.09	201.74	184.46	23.1
3. Other expenses	147.91	160.21	176.21	161.44	20.2
4. Total ex-factory cost	645.22	717.43	773.82	712.21	89.1
5. Working Results before providing for:					
(a) Depreciation	32.25	36.10	34.56	34.30	4.3
(b) Interest	15.17	18.46	24.11	19.25	2.4
(c) Managing Agent's Commission	3.08	2.87	2.27	2.74	0.3
(d) Taxes	18.35	17.72	13.73	16.61	2.1
(e) Dividends	14.13	14.58	12.31	13.67	1.7
(f) Retained profits	4.50	6.26	-9.09	0.58	0.1
Total	87.52	95.99	77.89	87.15	10.9
6. Grand Total (4) + (5)	732.74	813.42	851.71	799.36	100%

These figures are glaring. At the end of 1965-66 these 256 companies had a capital debt of Rs. 22.03 crores and they had to maintain a stock of Rs. 268 crores which means the industry had exhausted all its built up reserves and was indebted to the extent of Rs. 290 crores equal to 34 per cent. to 35 per cent. of the sales value of its yearly production. The average dividend paid during 1963-66 was Rs. 13.67 crores on paid-up capital plus reserves amounting in aggregate to Rs. 265.06 crores. Thus the rate of dividend on the Companies' own finances during 1963-66 works out to just 5.16 per cent. The actual working for that year 1965-66 after meeting the liabilities of interest, depreciation and corporate taxes shows a loss of over Rs. 9 crores. The Reserve Bank Bulletin states that as many as 123 mill companies out of the 256 companies whose balance sheets were analysed incurred losses during the year. It is in this context of the working figures of the Indian textile industry that we will attempt to analyse the working of the mills in Maharashtra with which we are primarily concerned.

CHAPTER III

COTTON MILLS IN MAHARASHTRA

3.1. Cotton mills constitute the most organised sector of the textile industry. That all is not well with this sector is brought out by the actual or intended closure of several mills in recent years. At the end of January 1968 as many as 37 mills remained closed in the whole country of which 6 were in Maharashtra. The latter were all composite mills affecting nearly 16,000 workers and accounting for 25 per cent. of the spindles and 37 per cent. of the looms rendered idle by closure. The impact of the closure of a mill is most heavily felt by the workers directly employed in it. In a place like Bombay where a large number of textile mills and other industrial concerns are located, the closure of a mill may not have the same impact as in a mofussil centre. In Bombay it may be possible for at least some of the workers to find alternative employment. But in a mofussil centre where the mill is perhaps the only organised industrial activity in the locality its closure may cause a much greater hardship not only to the workers directly affected by it, but to the whole economy of the town. The closure of mills on a large scale causes a fall in the total production of cloth and yarn. The long term significance of this factor cannot be ignored.

3.2. The reasons for the closure of a mill are many and complex. Their outward manifestation may be found in the losses incurred over a period of time or in the difficulty of securing sufficient working capital to pay for the various inputs. Such a situation is invariably the cumulative result of failure at one or more points in the organisation and working of the mill. Broadly speaking there are four aspects to which one can trace such failure viz. the (i) technical, (ii) financial, (iii) managerial and (iv) labour. It is found that the mill sector of the textile industry in Maharashtra suffers from deficiencies in varying degrees in all these aspects. In addition there are other factors beyond the control of mills which also affect their working adversely such as the prices of raw materials, scale of Dear Food Allowance etc. and the level of taxation.

3.3. The technical position of the mills in Maharashtra is far from satisfactory. The plant and machinery in nearly half the number of mills is outmoded and in certain cases belongs to the pre-1900 period. Its maintenance has also been very poor with the result that the productive efficiency of the mills has considerably fallen. The number of workers required to work these machines is unduly large compared to the labour complement in mills with modern machinery. Whereas a modern mill spinning fine and super-fine counts may not engage more than 3 to 4 workers per 1000 spindles, the old mills spinning coarse and medium counts still continue to engage 10 to 11 workers per 1000 spindles. Even making due allowance for the additional workloads for counts spun the number is disproportionately high. Another indicator of the poor state of the machinery can be found from a comparison of the written down value per loom of the capital block of a mill running efficiently and one which finds itself in difficulty. On an analysis of the financial position of 74 mills in Maharashtra it was found that the written down value per loom of 31 mills which were considered relatively sound, worked

out to an average of Rs. 16,289 per unit consisting of one loom, equivalent spindles and processing machines. In the case of 24 mills which were just able to break even, the figure was Rs. 12,310, while 9 mills which were being run precariously showed a figure of Rs. 7,185 only. In the last group of 10 mills which were running at a loss the corresponding figure was placed at as low Rs. 5,864. The differences between the average written down values of the first 31 mills and the next three groups of mills would indicate the extent of the shortfall in the maintenance, rehabilitation and modernisation of the plant and machinery of the 43 mills falling in the last three groups.

3.4. It is obvious that a large number of units in the mill sector in the State have failed to renovate their plant regularly with the result that their working has become uneconomic. It is particularly so today when neither raw material nor labour can be had as cheaply as before. With the all-round rise in prices, the cost of replacement of old machines by new ones has gone up while the internal resources available with the old units have been depleted by their uneconomic working. The Committee, therefore, feels that unless adequate steps are taken for the rehabilitation and modernisation of the old machinery the present malaise afflicting the mill sector will not be over-come. Elsewhere we have given an estimate of the cost of a programme of modernisation for the mills in Maharashtra.

3.5. In order to ascertain the present financial position of the mills in Maharashtra, the Committee undertook an analysis of their balance sheets and profits and loss accounts for five selected years during the last decade. The study covered 60 mill companies representing 74 out of the 95 mills in the State, the information from the rest not being completely available. The mills covered in the financial analysis account for 87 per cent. and 86 per cent. of the installed spindles and looms respectively. The overall financial position of the mills covered in the study brought out the following salient points with reference to the latest year studied viz., 1966-67 as will be seen from Statements Numbers 3 to 13 in Annexure I:—

(a) While the actual requirements of working capital were of the order of Rs. 90 crores, the internal resources showed a deficit of nearly Rs. 16 crores, resulting in a net borrowing of Rs. 106 crores with a capital debt of Rs. 16 crores and with shrinking profits the Maharashtra mill industry as a whole is not capable of generating internal resources required for proper renovation and replacements.

(b) With the depletion of internal resources and the consequent resort to borrowing for securing working funds, the interest charges rose to Rs. 9.25 crores as against 1.08 crores a decade earlier.

(c) Accumulated losses which stood at about Rs. 0.5 crores as in 1956-57 rose to about Rs. 9 crores a decade later.

3.6. However, the Committee noticed as wide a disparity between the financial position of different mills as it had observed in their technical performance. Hence it would be somewhat misleading to draw valid conclusions based on the aggregate results of all the mills taken together. The Committee

therefore, decided to classify the mills studied into five groups based on their average gross profits expressed as a percentage of their sales (adjusted for opening and closing stocks) for the years 1964-65, 1965-66 and 1966-67 as follows :—

Group	No. of Mills	Average percentage of gross profits to sales*
I	11	15 per cent and above.
II	20	10 to 15 per cent.
III	24	5 to 10 per cent.
IV	9	0 per cent. to 5 per cent.
V	10	Mills making losses.
Total	74	

* Fractions of 0.5 and above are rounded up to the next higher integer

Mills whose financial year ends between 1st July 1964 and 31st June 1965 have been taken in the year 1964-65 and likewise for the other two years 1965-66 and 1966-67.

For the purpose of this analysis, gross profits have been defined as profits before providing for depreciation, interest, taxes on income, development rebate and managing agents' commission. The Committee considers that the gross profits calculated after depreciation do not indicate the correct earning on a comparative basis as the depreciation provided for in the Profit and Loss Account is generally based on rates allowed for purposes of income-tax and is therefore, more in the nature of a taxation device, than a direct component of the actual cost of production. Deducting it before arriving at the amount of gross profits would have the effect of distorting the comparative working results of different mills. The detailed groupwise analysis is given in the Statement Numbers 4 to 13 in Annexure-I.

3.7. A glance at the groupwise analysis indicates that mills included in Group I and showing relatively the best performance have invested substantially in their capital equipment over the last decade. They have consistently paid a dividend of over 10 per cent. on their total paid-up capital. But as a percentage of their net worth the dividend has, during the last three years, been only around 5 per cent. Their cautious policy in the matter of distribution of dividends will be seen from the following figures of net profit and dividend distributed during the last three years.

TABLE 4

Year	Net Profit	Dividend distributed	Dividend as per cent of net worth
1964-65.	167.62	114.84	5.8
1965-66	121.59	96.63	4.7
1966-67	216.22	106.45	4.9

This is the only group among the five in which a substantial part of the working capital is provided out of internal resources.

3.8. Mills in Group II are also working well except that during the last three years they were required to borrow heavily for securing working capital. Consequently their interest charges have gone upto as much as 30 per cent. of the gross profits. The dividends distributed by them are smaller as a percentage of their net worth in comparison with the mills in Group I as will be seen from the following figures :—

TABLE 5

(Rs. lakhs):			
Year	Net Profit	Dividend distributed	Dividend as per cent. of net worth
1964-65	179.28	125.53	4.9
1965-66	115.25	111.26	4.3
1966-67	119.51	105.90	3.9

3.9. If we take into consideration the additions made to the gross block by the mills included in Groups I and II (which together account for 40 per cent of the installed capacity in the State) during the last three years, we find that as against the retained profits of Rs. 2.60 crores and depreciation and development rebate amounting to Rs. 22.08 crores they have invested more than Rs. 20 crores in their capital equipment. This indicates that the bulk of the internal resources generated during these three years have been ploughed back in the mills. Incidentally, this factual position is contrary to the popular impression that mills have frittered away their profits by way of excessive dividends and have not ploughed back sufficient amounts in the industry.

3.10. As we turn to the mills in Group III we get an entirely different picture of the financial position. Their carry forward loss has increased from Rs. 8 lakhs in 1956-57 to Rs. 212 lakhs in 1966-67. While these mills also show a substantial addition to their gross block over the years, their borrowings have also increased considerably. Their interest burden accordingly shows a significant rise accounting for more than 55 per cent of their gross profits. Even for paying an average dividend of less than 4 per cent. on their net worth they as a group had to draw on reserves as is shown in the following figures :—

TABLE 6

(Rs. lakhs).			
Year	Net Profit/Loss	Dividend distributed	Dividend as per cent. of net worth
1964-65	91.65	68.53	3.4
1965-66	-69.68	54.57	2.5
1966-67	26.04	36.67	1.7

We consider this Group of mills as of special importance because, unless properly watched, assisted and controlled it will find itself in greater difficulty in the near future. These mills must exercise the utmost caution in their expenditure policies and declaring any dividend beyond the net profit must be viewed with alarm. It would be a prudent policy for such mills to limit their dividends and not to draw heavily on their reserves for the purpose of payment of dividend at a high rate. This group comprises the largest number of mills and accounts for the largest number of workers of all the five groups. It represents a case of modernisation having been undertaken in an unbalanced and unplanned way without proper regard for financial resources or the cost-benefit relationship. The Committee has in a latter paragraph (3-21) made recommendations to deal with the problem posed by such mills.

3.11. Mills in Groups IV and V have much the same financial features except for the magnitudes of the debit items. In both the groups the machinery is very old and outworn, the losses are continually growing and the mills are carrying on their precarious existence on the strength of borrowed funds, with a crushing burden of interest payments to bear. Except for a small profit for the mills in Group IV, in 1964-65, both groups have been unable even to meet the interest charges, out of their earnings, not to speak of depreciation. The uneconomic working of these mills is so obvious a phenomenon as not to need any further elaboration. Nothing short of a complete modernisation will enable these mills to survive for long, and the earlier they are modernised the less will they be a drag on the mill sector.

3.12. We have given statement No. 14 in Annexure-I, indicating the different items in the groupwise balance sheets for 1966-67 as calculated for a unit of one loom and equivalent spindles for each of the groups. One significant conclusion to which the comparison of those figures leads is that the value of the written down block for the mills facing financial difficulties is much lower than what it is for the stronger mills in Groups I and II. The figure of net worth also shows a corresponding trend. This only corroborates one of our general conclusions that the neglect of maintenance and modernisation of the plant and machinery is one of the important factors responsible for the present difficulties faced by the mills in the last three groups.

3.13. For the purpose of assessing the working efficiency of different mills, it is necessary first to select mills having a similar pattern of production, machine activity and comparable financial resources, which means a detailed comparative study of mills in each of the five groups. This would be very essential in respect of mills included in the groups IV and V and even III. With a given written down block and necessary working finances, it is the management's function to try to utilise the same to the maximum capacity and give the best working results. We have come across cases where the machine utilisation has been below normal and the management especially in the case of weaker units has made no change in the pattern of production suited to the changing times. The statement No. 14 in Annexure-I, will be helpful in assessing the overall performance per installed unit consisting of one loom and equivalent spindles and the processing equipment in each group, during 1966-67.

The figures in Statement No. 15 of Annexure-I, will indicate that the cotton consumption in Group I accounts for 33 per cent. of the realisation whereas, it is 49 per cent. in Group V. Generally in the mills spinning fine

and superfine yarns, even though the prices of cotton per kg. are very much higher, the cotton cost as percentage of realisation is low on account of the quantity of cotton consumed being much smaller. In mills in Group-I, on account of modern and special processes, the cost of colours and chemicals is significant and the amount spent on stores and chemicals as a percentage of total realisation is high. The mills producing coarse and low medium count have a different pattern of production and therefore, constituents of cost in their cases as percentage of total realisations are different. It would not therefore be correct to draw any inferences about the efficiencies on the basis of comparison of cost of the major items as percentages of realisation unless the mills have a similar pattern of production and similar working conditions.

In good mills producing coarse and medium greys, the cost on account of wages and salaries as a percentage of total realisation should not exceed 28 to 29. And the excessive percentages of this item in Groups IV and V show that either the number of workers employed is in excess of the standards or the realisations are on the low side. A mill will not be able to break even unless the overall realisation per unit per year is over Rs. 30,000 and the wages and salaries per installed unit are kept at or below 25 to 26 per cent. of the realisation. This should include 4½ to 5 per cent. as the salary bill of clerks, supervisors, technicians and officers.

3.14. It is emphatically asserted by the spokesmen of the Millowners that the high rates of excise duties and the control on the prices of cloth (to the extent to which cloth prices are controlled) are also responsible for the low profitability of the mills. The Committee feels that while there is a case for a readjustment of the structure of excise duties, particularly affecting the marginal mills producing coarse and medium varieties of cloth, it is doubtful if such relief can take the place of the more fundamental problems of modernisation and rehabilitation of the outmoded plant. A plan for the infusion of fresh capital in the mill industry such as the one suggested by us in a later chapter is inescapable in our view as a long-term solution of the problem.

3.15. We now come to the third aspect of the working of the mill sector viz., the managerial aspect. The quality of management varies widely from mill to mill. There are mills well-managed, badly managed and mismanaged. The well-managed mills run by progressive managements are alive to the needs of modernisation and plough back a substantial part of their net profits or even borrow funds for building it up. Such managements take a long-term view of the problems facing the industry and are ever ready to try out better methods of organisation. They display a certain pride in the name of the House and scrupulously avoid any action which will tarnish that name. The Committee is happy to record that Maharashtra can be legitimately proud of having within it several such Houses which have contributed to the industrial development and business reputation of the State. It is true that there are some risks inherent in the running of a textile mill, and there may be a number of factors which are at times beyond the control of individual managements. A common pattern that emerges in a number of marginal mills, however, is that these were originally started with a low capital base and in course of time their managements have preferred a policy of expansion to one of consolidation, with the result that while in times of prosperity, they have fared well, any recessionary period has taxed their slender resources to their utmost. Such mills in order to attract working funds are constrained to borrow at high

rates of interest and are at times compelled to sell their finished goods at distress rates in order to meet the wage payments of workers on the scheduled dates. It will be seen that while on the one hand such mills not having adequate finances are unable to conduct their operation efficiently and thereby earn profits, on the other hand the poor profitability of such units does not attract the necessary finances from potential investors.

In other cases, the affairs of some mills have been deliberately mismanaged to the detriment of the interest of shareholders and workers employed in the undertaking. Though the number of such mismanaged mills is small, it is significant enough to merit notice and prompt action. Such managements have shown scant regard for the long-term interest of the mill. Instances of such nature have been the subjects of past enquiries under the Industries (Development and Regulation) Act, 1951. The investigation in due course has revealed acts of omission and commission on the part of the management but invariably the only course left open to Government at that stage was that of taking over the running of the mill.

3.16. It is true that the shareholders of the mill as a body have the right to bring the necessary pressure on the management, but as it usually happens the shareholders are scattered and not organised. In some cases the majority of the shares are held or controlled by the management or by their associates. Hence in practice the various provisions contained in the Companies Act, are by themselves ineffective in bringing an erring management to book. The Government in some cases has sought to rectify this state of affairs by the appointment of a Government nominated director on the board of management, particularly, where the Government has extended financial assistance to the mill. However, it appears that this measure has also not been very effective in as much as the Government appointed director is not in a position to investigate the day to day working of the mill. Apart from the broad policies followed by the Management, the most important areas where dubious practices often prevail are the spheres of purchase of raw materials, stores, etc., and sale of the finished products. It would be obvious therefore, that, where the Government has to exercise control over the management of the mill, it would be absolutely necessary to have a close watch both on the sales and purchases of the controlled mill. In other words, it would mean, that the Government would have virtually to take over the entire management of the particular mismanaged mill.

3.17. The fourth aspect of the working of textile mills concerns problems relating to labour. The labour force in the textile industry in Maharashtra is highly organised and conscious of its rights and interests. The maintenance of good working relations between the management and labour is therefore a matter of the utmost importance in the smooth running of the mill industry. Two problems affecting the interests of both workers and employers in this connection are those relating to the rate of Dear Food Allowance and rationalisation.

We have dealt with both these problems at some length in a later chapter. Here we shall only stress one feature of the mill sector in Maharashtra, viz. the high complement of labour in several old mills. Such mills even with the best management will have little chance of survival in competition with others unless they replace their old, outmoded machinery, modernise also the working conditions and thus reduce the number of workers employed. Schemes of rationalisation even with the existing machines duly renovated are to a certain extent possible and they must be vigorously pursued. The inevitable result of the process, viz., retrenchment of workers must be accepted by the workers as well as by the community. From the discussions the committee had with the representatives of workers on this subject, it was found that they were not averse to rationalisation and the unions are prepared to co-operate in its implementation. The representatives of the millowners in Bombay also stated that the attitude of the unions on this subject has been co-operative. In such an atmosphere, it is difficult to explain the slow rate of rationalisation during the last few years. One possible explanation is the paucity of finance with the mills to pay for the terminal benefits of the retrenched workers. Normally, in cases where posts are retrenched the juniormost incumbents are discharged. It is peculiar to the textile industry however, that the recognised and representative labour unions insist on the seniormost employees being discharged. Consequently the cost of retrenchment is higher than under the usual practice referred to above. The recent practice of Government offering to run an uneconomic mill at a loss for what turns out to be an indefinite period in the interests of employment might also encourage workers to resist attempts at rationalisation which must mean reduction of surplus workers.

3.18. When both labour and management are agreeable to rationalisation and the lack of finance with the mill to pay for the terminal benefits of the surplus workers prevents the implementation of the scheme, we recommend that the necessary finance should be provided by way of a loan at a concessional rate of interest by Government or by the Commercial Banks, under a Government guarantee, if necessary, on being satisfied that the scheme is properly conceived and that the loan would be repaid out of saving in wages due to the reduction in the number of workers over a period of 2 or 3 years.

3.19. We would like to emphasise that the traditional view that a cotton mill can employ a large number of workers compared to units in more recently established industries needs to be revised in the light of the changing technology of textile manufactures. The industry is tending to be more and more capital intensive and a reduction in the quantum of human labour per unit of production is, therefore, inevitable. A recognition of this factor by the public and the policy makers will go a long way in the process of adjustment to the changing pattern of the industry.

3.20. A feature of the organisation of the mill industry in Maharashtra is the comparative neglect of the modern processes of printing, mercerising, anti-shrink processing, etc., before marketing their cloth. As a result the mills do not get the benefit of the higher prices which the consumer is prepared to pay for such processed goods. In this respect the mills in Gujarat have shown a greater appreciation of the market trend. Consequently the profits earned by Gujarat mills are higher than those of mills in Maharashtra. Even in the export markets, where Maharashtra accounts for 50 per cent. of the all India total of cloth exports, it sends mainly grey varieties where the profit

margin is comparatively low as against the exports of processed goods from Gujarat. The following table highlights this contrast between the two States :—

TABLE 7
Cloth produced and processed in 1967

		(In millions of metres).		
		Maha- rashtra	Gujrat	All India
1. Cloth produced.	... 1355	1264	4098	
2. Cloth processed as—				
(a) bleached.	... 610	545	1504	
(b) piece dyed.	... 251	327	854	
(c) printed.	... 200	377	751	
(d) mercerised.	... 276	297	668	
(e) sanforised.	... 83	229	354	
(f) other processes.	... 18	38	68	
3. Cloth exported.	... 204	59	409	

The Committee recommends that in any plan of modernising the mills, sufficient attention should be given to the establishment of modern processing houses equipped for an adequate capacity.

3.21. We now revert to the problem posed by a large number of mills classified as Group III in our financial analysis (paragraph 3.10). We apprehend that unless timely action is taken to set the house of these mills in order they will manifest the same grave signs of decline and decay as the mills classified in groups IV and V. But before action can be taken there must be a comprehensive survey of the technical and financial working of the mills as well as an assessment of the efficiency of the management. It is our considered view that such a survey must be undertaken at a much earlier stage than is done under the Industries (Development and Regulation) Act, 1951, at present, if it is to serve as a basis for timely action. For this purpose there must be an organisation available to the Government whose function it should be to keep a continuous watch on the working of the mills. Periodical returns of the technical performance of all mills which show a gross profits of less than 10 per cent. of their sales, should be scrutinised by this organisation with a view to advising them how improvements can be made in their working. Financial and managerial problems should be similarly investigated and Government assistance made available in deserving cases. The organisation should function more like an expert body of competent technicians and managers available to help the mills rather than as an enforcement agency. The managements of mills too must realise that they have a responsibility to the

community in running the enterprise and a measure of social control has to be exercised on their operations. If the principle underlying this recommendation is accepted by Government, the necessary machinery for giving effect to it can be established either in the office of the Textile Commissioner or in terms of an enlargement of the nucleus of textile experts with the State Government which we have suggested elsewhere in this Report. If the present legislation on the subject is not adequate for the purpose of empowering Government to ask for the periodical returns or for holding the surveys in question we recommend that the question of suitably amending it should be taken up with the Central Government.

CHAPTER IV

GOVERNMENT MANAGED MILLS

4.1. For some years past the Government of Maharashtra has been taking over the management of closed textile mills in the State. The taking over by the Government has in the majority of cases been under the provisions of the Industries (Development and Regulation) Act, 1951. In a few cases the Government has taken over the mills on a lease from the official liquidator on a lease and licence basis. A brief review of the working of Government management mills (including two Government owned mills) is detailed below :—

(1) *The India United Mills Limited, Bombay.*—The Company was taken by the Government under the Industries (Development and Regulation) Act, 1951, on 29th November 1965. The company consists of a group of four composite mills, one weaving unit and one dye house with a total installed capacity of 2,63,256 spindles (inclusive of 420 waste spindles) and 6,145 looms. The group of mills employs a total of 15,967 workers. The following figures relate to the five mills constituting the group :—

TABLE 8

		Mill No. 1	Mill Nos. 2 and 3	*Mill No. 4	Mill No. 5
1. Labour Complements :					
(a) Per 1,000 spindles	.. ..	6·37	8·15	..	6·11
(b) Per 100 looms	.. ..	51·57	47·75	46·22	38·37
2. Average Count spun	.. ..	31·79	25·42	..	31·02
3. Average Reed	.. ..	66·44	57·36	65·07	58·00
4. Average Pick	.. ..	52·90	47·62	48·20	49·10
5. Major Counts worked (s)	.. ..	14·18	50·34	..	28·36
		24·28	36·28		
		30·35	18·14		
		48·80			
		and 85			

(Weaving Department only)

The Company as on 31st December 1966, had a paid up capital of Rs. 250 lakhs, with reserves and surplus accounting for Rs. 81·89 lakhs and gross fixed assets of Rs. 774·27 lakhs. The written down block on that date was Rs. 274·50 lakhs. The financial position of the mills has been far from satisfactory, as the net losses incurred during three years from 1964 to 1966 were Rs. 18·02 lakhs, Rs. 179·34 lakhs and Rs. 182·76 lakhs respectively. This has resulted in increasing the carry forward loss to Rs. 3·75 crores as on 31st December 1966, thus wiping out

completely its entire paid up capital and reserves and surplus. On account of such huge and unprecedented losses in the history of any textile mill in India, the financial position of this Company is disastrous and it would be a miracle if the 'Big six' as the group is known, can be salvaged without a complete reconstruction and external financial aid on a massive scale. The daily production is about 4.2 lakh metres nearly 50% of which is grey and as the mills have no financial sustaining power they are always forced to enter the market as districts sellers bringing down their own and other mills selling prices. These mills would themselves serve as a good case study of the ills of the sick mills. The mills have not enforced any wage cut and Dear Food Allowance at rates applicable to other mills in Bombay is being paid. This group is fairly rationalised and the complement of workers per 1,000 spindles and 100 looms in the composite mills should bear comparison with similar complement in much better equipped textile units in the country. The number of workers, however, in the Dye Works is much in excess of the standard. The machinery there, especially the machines for Khaki dyeing as also certain machines in the composite mills are very old and a complete overhaul and modernisation is a must in respect of this group.

2. *Rai Saheb Rekchand Gopaldas Mohta Spinning and Weaving Mills (Private) Limited, Akola.*—This mill company was taken over by the Government under the Industries (Development and Regulation) Act, in September 1961. It has an installed capacity of 21,568 spindles and 464 looms, employing on an average about 1,300 workers. The labour complement per 1000 spindles (blow room to spindle point) works out to 11.10, with a corresponding figure of 95.68 workers per 100 looms (winding to packing). Average count spun is 15.47 and the counts spun range upto 22s. The Company has a paid up capital of Rs. 48.10 lakhs with reserves and surplus amounting to 0.95 lakhs as on 30th June 1967. As against this there is an unadjusted account of 33.62 lakhs. Gross fixed assets stood at a figure of Rs. 63.33 lakhs as on date, with a written down block of Rs. 15.42 lakhs. The accumulated loss stood at Rs. 7.81 lakhs, as on date. Over the three years period, 1964-65 to 1966-67, the Company incurred losses of Rs. 5.64 lakhs, Rs. 2.26 lakhs and Rs. 0.52 lakhs respectively. The financial position of the company is thus not sound.

The mill is being run by Government as a relief undertaking. The plant and machinery is very old and the mill has no processing facilities. It will be noted that there is a wage cut of Rs. 0.75 P. per day per worker.

3. *The Model Mills Nagpur Limited, Nagpur.*—The mills were taken over by the Government under the Industries (Development and Regulation) Act, 1951, on 18th July 1959. The mills have an installed capacity of 49,208 spindles and 988 looms (including 40 blanket looms), with an average complement of about 4,000 workers. The labour complement per 1,000 spindles and 100 looms works out to 10.47 and 64.84 respectively. Average count spun is 28.36. The mill Company had a paid up capital of Rs. 94.22 lakhs with reserves and surplus of Rs. 3.37 lakhs as on 30th June 1967. As against this there is an unadjusted account of Rs. 47.48 lakhs. Gross fixed assets stood at

Rs. 214.79 lakhs with a written down value of Rs. 44.48 lakhs. Accumulated losses on date stood at Rs. 5.12 lakhs. The working of the mills over the last three years has been unsatisfactory having reported losses for 1964-65, 1965-66 and 1966-67 of Rs. 0.54 lakhs, Rs. 20.21 lakhs and Rs. 18.76 lakhs respectively. The mills have not imposed any wage cut at present.

4. *The Pratap Spinning, Weaving and Manufacturing Company Limited, Amalner.*—The mills were taken over by Government under the Industries (Development and Regulation) Act, 1951, in March, 1963. The mills have an installed capacity of 49,012 spindles (out of which 18,000 spindles are not working and are to be scrapped) and 620 looms employing on an average 2,000 workers. The labour complement for 1,000 spindles and 100 looms works out to 9.63 and 81.0 respectively, with an average count spun of 18.27. The company has a paid up capital of Rs. 30 lakhs and reserves and surpluses of Rs. 10.47 lakhs as on 30th June 1967. The gross fixed assets stood at Rs. 137.40 lakhs and the written down block of only Rs. 22.60 lakhs and accumulated losses of about Rs. 44 lakhs as on date. The working of the company reveals that the mills made a net profit of Rs. 1.14 lakhs in 1964-65, a loss of Rs. 0.87 lakhs in 1965-66 and a net profit of Rs. 1.23 lakhs in 1966-67, after providing for interest and depreciation in all the three years. The Dear Food Allowance is sealed at the reduced rate of Rs. 4.50 per worker per day at present. The complement of workers per 1,000 spindles and 100 looms in this mill continues to be in excess of the standard. The speeds and productivity are low and the quality of the cloth manufactured being of low reed/picks fetches very low realisation per loom. Unless these factors are rectified, it will be difficult for this mill to make two ends meet and restore even partially the present cut in the dearness allowance. The mills are overdue for a well-planned renovation programme.

5. *M/s. Aurangabad Mills Limited, Aurangabad.*—The mills have an installed capacity of 12,640 spindles and 273 looms and the mills were taken over by the Government on 16th March 1966 under the Industries (Development & Regulation) Act, 1951, but the mills had closed since 1st August 1964 and have not been restarted so far.

6. *M/s. Narsinggirjee Spinning & Weaving Mills, Sholapur.*—This mill is Government owned having been purchased by the State Government from the Official Liquidator for a sum of Rs. 50 lakhs. The mill has an installed capacity of 55,264 spindles and 1,666 looms, employing on an average about 3,800 workers. The mill has substantially high labour complements at 11.87 workers per 1,000 spindles and 110.02 workers per 100 looms, for an average count spun of 17.06. The mill made a nominal profit of Rs. 0.53 lakhs for 1964-65 and thereafter incurred losses of Rs. 2.65 lakhs for 1965-66 and of Rs. 19.47 lakhs for 1966-67. We understand that Government proposes to undertake the total modernisation of the mills at a cost of about Rs. 4 crores and the first steps in this direction have just been taken. It may be noted that the Dear Food Allowance has been sealed at Rs. 3.75 per worker per day.

7. *Shri Shahu Chhatrapati Mills, Kolhapur.*—This Mill is wholly owned by the Government of Maharashtra being a legacy from the old Kolhapur State, which merged with the then Bombay State. With effect from 1st June 1967, the mill is being managed by the Maharashtra State Textile Corporation Limited. The Mill has an installed capacity of 26,824 spindles and 336 looms, the average number of workers employed being 1,045. The labour complement per 100 spindles and 100 looms works out to 6.78 and 60.30 respectively, with an average count spun of 19.71. These figures are considerably lower than the corresponding figures in other Government managed mills working similar counts and producing similar cloth. And these could be adopted as a basis for similar work in other Government managed mills with modifications to suit local conditions. The mills have a paid up capital of Rs. 37.38 lakhs with reserves and surplus amounting to Rs. 31.23 lakhs as on 31st December 1966. The mills made a net profit of Rs. 1.73 lakhs for 1965 and incurred a net loss of nearly Rs. 3 lakhs for 1966. It may be noted that there is no wage cut.

8. *New Pratap Spinning, Weaving and Manufacturing Company Limited, Dhulia.*—This mill was taken over by the Government on 14th February 1967. The mill has an installed capacity of 51,188 spindles and 1,034 looms the average number of workers employed being 2,000. The labour complement for 1,000 spindles and 100 looms work out to 9.68 and 69.19 workers respectively. The average count spun is 19.86. As the mills have commenced working only recently, the financial results are not available. The mills commenced working with a Dear Food Allowance of Rs. 2.50 per day per worker; this has been increased to Rs. 3.00 with effect from 1st February 1968.

4.2. The scales of Dear Food Allowance differ from centre to centre depending on the cost of living index in these centres. Four of the eight Government managed mills had to effect suitable cuts in the normal rates of Dear Food Allowance applicable to their respective centres in order to keep the mills running. Despite such cuts the mills have been running at a loss. In fact for the latest year 1966-67, the combined reported loss for the six mills for which published accounts are available stood at Rs. 2.23 crores. Out of the total loss for the year the India United Mills Ltd., alone accounted for a loss of Rs. 1.83 crores. The financial position of the Government managed mills for which published Balance Sheets are available for the year 1966-67 is as under :—

TABLE 9

		(Rs. in lakhs)		
Name of Mill		Paid up capital and reserves	Carry forward loss	Net loss
1	India United Mills, Bombay	331.89	374.95	182.76
2	R.S.R.G. Mohta Spg. & Wvg. Mills, Akola ..	49.05	7.81	0.52
3	Model Mills, Nagpur	98.29	5.12	18.76
4	Pratap Spg. & Wvg. Mills, Amalner	40.47	43.81	+1.23
5	Narsinggirjee Mills, Sholapur	50.00	16.41	19.46
6	Shahu Chhatrapati Mills, Kolhapur	68.61	2.96	2.96

(Plus sign indicates profits).

As will be seen from the following table, the average gross profit calculated as a percentage of the sales (adjusted for opening and closing stocks) for all the six mills with the sole exception of Shri Shahu Chhatrapati Mills, Kolhapur, has been consistently below 5 per cent. over the three years period from 1964-65 to 1966-67.

TABLE 10
Percentage of Gross Profit/Loss to Sales

Name of the mill	1964-65	1965-66	1966-67	Average
1	2	3	4	5
1. India United Mills Bombay	3.1	(—) 6.8	(—) 6.4	(—) 3.4
2. R.S.R.G. Mohta Spg. & Wvg. Mills, Akola	(—) 0.3	3.0	3.6	2.1
3. Model Mills, Nagpur	3.9	(—) 0.6	0.2	1.2
4. Narsingirjee Mills, Sholapur	1.9	1.8	(—) 5.8	(—) 0.7
5. Shri Shahu Chhatrapati Mills, Kolhapur	6.7	8.2	2.9	5.9
6. Pratap Spg. & Wvg. Mills, Amalner ..	4.5	4.3	4.8	4.5

(Minus sign indicates loss)

4.3. Another point that merits consideration is that for four out of these six mills (for which complete information is available) the written down value (W.D.V.) of the assets in no case exceeds 36 per cent. of the original (Gross) block as seen from the following figures for the year 1966-67.

TABLE 11

Serial No.	Name of the Mill	Gross Block	W.D.V.	Percentage of 4 to 3
(1)	(2)	(3)	(4)	(5)
1	Indian United Mills, Bombay	774.27	274.50	35.45
2	R.S.R.G. Mohta Mills, Akola	63.33	15.42	24.35
3	Model Mills, Nagpur	214.79	45.19	21.04
4	Pratap Spg. & Wvg. Mills, Amalner	137.40	20.62	15.07

It will be seen therefore that the assets of these mills have by and large outlived their normal life, and are well below the average figure of 46.27 per cent. which represents the W.D.V. of mills in Group V, as noted in Table 16, Chapter VI. It is true that in the case of mills taken over under the Industries (Development and Regulation) Act, 1951, the Government is naturally reluctant to invest substantial funds on capital expenditure as the ownership of the concerned mill does not eventually vest with Government. But it would appear that even at the time of the take over of these mills by Government they were not technically viable.

4.4. It appears that the primary motivation for the Government in taking over the running of a mill, is its anxiety to avoid unemployment which would otherwise be caused by the closure of such a mill. It will also be seen from the Statement No. 16 in Annexure I that in every case where the Government has taken over a mill, the Government had to make funds available initially by guaranteeing loans from banks or out of its own resources or by both these methods for the running of the mill and thereafter for covering the losses which result in the erosion of working finances. It is also to be expected that once Government takes over the running of a mill, it is invariably committed to maintaining the *status quo* (as has been the case with the Model Mills, Nagpur, and the Pratap Mills, Amalner) and faced with the necessity of continuously providing funds for its running. Most of the mills taken over by Government are not technically viable, and despite wage cuts in some cases, the infusion of more and more funds in order to keep the mills running becomes a compelling necessity. Thus a situation arises where Government is forced to invest public moneys in an enterprise which is basically uneconomic and where the safety of such funds is not even reasonably ensured. Not only that, but Government thereby seems to have undertaken an unlimited and unpredictable liability to keep the mills running without the prospect of their being ever able to run without Government assistance. The Committee considers that while the objective of providing employment to the workers is a laudable one, the resources of Government both financial and managerial being limited, it would not be advisable for the Government hereafter to take over the running of mills except in cases where the unit on investigation is found to be economically viable and Government advances can be considered fairly secure. The Committee considers that it is not in the long term interest of the State to invest public moneys to somehow prop up a mill which, from the technical and financial points of view, deserves to be scrapped. Government may decide what other form of assistance should be given for such workers as are thrown out of employment by the closure of a mill. It will be much more useful if assistance in such cases is directed towards the expeditious settlement of outstanding accounts of unsecured creditors including workers, taking proper care to see that Government advances are adequately secured.

4.5. The Committee is aware of the great hardship caused to the workers rendered unemployed as a result of the closure of a mill especially at a mofussil centre. The absence of alternative avenues of employment at the centre makes the position of the workers and their families extremely precarious in such a situation. Not only that, but the whole economy of the town where the mill is situated is thrown out of gear by the closure of the mill which is a significant source of the townsmen's earning, direct and indirect. In such places, it is far more desirable to start a new mill altogether or some other industrial activity than keep the existing tottering structure intact by reducing the wages below the normal level and throwing the balance of the burden of loss on the state exchequer.

4.6. Even in the case of a mill to be run under the Bombay Relief Undertaking (Special Provision) Act, 1958, the Committee would recommend that certain minimum conditions regarding the technical and financial state of the mill should be satisfied before it is taken over by Government. Taking into account the fact that the mills to be thus taken over are going to be sick units and therefore necessarily below the normal standards of health,

the Committee would lay down the following minimum criteria for this purpose viz. :—

(a) That the written down value of the machinery is not less than 20 per cent. of its original value.

(b) That the average gross profits earned in the last three years of its working have been sufficient to cover at least the interest charges, before providing for depreciation.

Taking over a mill which does not satisfy even these minimal criteria would be putting an undue premium on obsolescence, inefficiency and bad management at the cost of the taxpayer.

4.7. When a mill satisfying the above two criteria is taken over by Government it will be necessary to observe certain norms of efficient management to ensure that its working does not result in a loss. The labour unions will have to play a constructive role in such management. The new management being financially responsible to keep the mills running without incurring a loss, in itself a formidable task, must not be saddled with the responsibility of settling the outstanding liabilities as on the date of the take-over. The Government should arrange to settle such liabilities in the most appropriate manner on the basis of a proper scheme drawn up for the purpose.

Secondly, the Government should make adequate arrangements for working capital which will approximately be equal to 35% to 40% of the yearly cost of production.

Thirdly, the number of operatives in different sections and different shifts should be regulated according to the standard to be determined by the Textile Commissioner's Committee of Technical Experts or by the State Government and the representative union.

Fourthly, the scale of Wages and Dear-Food-Allowance should be so regulated that the total wage bill of the operatives including Provident Fund contribution by the Mills, bonus, leave with pay and fringe benefits does not exceed 21 per cent of the yearly cost of production. It is estimated that about 4 per cent of the yearly cost of production will be required for payment to officers, supervisors and clerks; thus the total wages and salaries bill inclusive of all benefits and incidental services will be 25 per cent. of the total cost of production. The scale of Dear-Food-Allowance should be suitably revised every quarter in conformity with this formula.

Fifthly, a well-planned programme of major repairs should be undertaken on the basis of yearly expenditure at least equal to the yearly depreciation.

4.8. The Committee is aware of the criticism that is often voiced against any expenditure from the taxpayer's money on providing employment to only a section of the total labour force, viz. those employed in the cotton textile industry. But such criticism can be easily answered if we recall what the Committee has stated earlier regarding the importance of this industry

in the agricultural as well as the industrial economy of the State. The fortunes of this industry affect a much larger number of persons than those in any other single industry in the State. Any special treatment accorded to this industry will therefore be justified in the interests of the State. It has also been emphasised before us by representatives of labour that the workers in this industry do not have the same mobility as between this and other industries as workers in some other industries like, for example, engineering have. This in the Committee's view, is an additional factor demanding recognition in terms of state assistance in the present difficult circumstances.

4.9. An important problem connected with the management of mills taken over by Government concerns the machinery for such management. So far, except in one case, Government has been relying on the method of appointing an Authorised Controller for each such mill and the functions as the Chief Executive for it under the authority given to him by Government. The Authorised Controller is often appointed on an honorary or part-time basis. The Committee feels that such a practice is not in the best interests of the undertaking. It therefore recommends that in every case where an Authorised Controller is appointed, he should be full-time and paid a salary commensurate with the responsibility entrusted to him. He should also be given the usual amenities normally provided to a person holding the highest executive office in the mill. Again, the Authorised Controller has not always been a man with experience of the mill industry. The Committee considers that only such persons as are familiar with the working of the various aspects of the industry should be considered eligible for that appointment. The Authorised Controller whose way of administering the affairs of the mill may and has to be quite different from that of the previous management, often finds himself in an anomalous position if he is not given freedom to terminate the services of officers appointed by the previous management. Unless he can secure the unquestionable loyalty of his staff he cannot function effectively and with confidence. When he is entrusted with purchases and sales of lakhs of rupees worth of goods in his discretion, there is no reason why he should not be similarly trusted to select his own team of officers. The Committee considers that in the interest of the proper running of the mill for which an Authorised Controller is appointed, he should be given full freedom of choice in this respect. As regards new appointments the Advisory Board of the mill may lay down the appropriate procedure. But if the Government has to bear an increasing responsibility for managing textile mills in the State it will be desirable for Government to build up an agency of its own, with the necessary complement of technical and financial personnel, to run the mills taken over by it. Fortunately, Maharashtra already possesses the legal framework for such an organisation in the shape of the Maharashtra State Textile Corporation.

4.10. The Maharashtra State Textile Corporation Limited, was registered on the 6th of September 1966 with an Authorised Capital of Rs. five crores and a paid up capital of Rs. 20 lakhs subscribed entirely by the Government of Maharashtra. That the State Government in setting up this Corporation, appears to have envisaged that this body would play an important role both in the setting up of new projects and managing established mills, as well as in raising and lending moneys to the industry and also guaranteeing looms secured by individual units from institutional agencies,

is apparent from the main objects as set out in the Memorandum and Articles of Association detailed below :—

- “ (1) To set up and run textile mills in the State of Maharashtra.
- (2) To take over and manage the textile mills owned by Government of Maharashtra under suitable arrangement.
- (3) To buy, take over, acquire textile mills on payment or for any other consideration.
- (4) To take over and run as an unemployment relief scheme or otherwise any textile mill in Maharashtra State which is closed or likely to be closed or has gone into liquidation or otherwise.
- (5) To manage and control any textile mill in Maharashtra State which may be taken over by the Government of India under the Industries (Development and Regulation) Act, 1951 and the management of which may be entrusted to the Company.
- (6) To lend money to textile mills or guarantee loans secured by textile mills from Scheduled Banks, Industrial Finance Corporation, Industrial Development Bank or any other financial institution for purpose of working finance and for rehabilitation and modernisation of machinery.
- (7) To raise finance for the above purpose by issue of share capital, debentures, bonds or by raising loans or accounting deposits with or without guarantee of Government of Maharashtra.
- (8) To act as Managing Agents or Secretaries and Treasurers of textile mills and to carry on all kinds of agency business.
- (9) To undertake the study and preparation of project report, feasibility studies, and to act as general consultants in textile business.”

4.11. Unfortunately no consistent attempt is being made to build up this Corporation into an instrument fit to undertake the various tasks assigned to it. Its sole activity today seems to be to run the Shahu Chhatrapati Mills, Kolhapur, which is a Government owned mill, whose managing agency has been given over to the Corporation since June 1967. We understand that the Government had entrusted the Corporation with the preparation of the project report for the establishment of a new mill with an installed capacity of 25,000 spindles and 500 looms at Sholapur. The Corporation has already submitted its report on which a final decision has yet to be taken by Government. Thus judging from the experience of the past two years the Corporation has played an extremely limited role in the textile set-up of the Government.

4.12. Apart from the Government owned mill at Kolhapur the managing agency of which has been entrusted to the Corporation, Government also owns the Narsinggirji Mills at Sholapur, which was taken over on lease from the Official Liquidator in January 1958 and subsequently purchased in 1966. Now that a Government Corporation has been specially set up for the management of textile mills in the State, and the Government also proposes to modernise the Narsinggirji Mills at a total cost of about Rs. 4 crores the Committee would recommend to Government that the management of these mills should also be entrusted to the Corporation.

The State Government is at present entrusted with the task of running a number of mills taken over under the Industries (Development and Regulation) Act, 1951, or on leave and licence. There appears to be urgent need for co-ordination of the management of these mills at a central level, and the Corporation could well play a part in this direction. Elsewhere in the Report, the Committee has noted that the modernisation of a large number of mills in the State is imperative and breaks no delay. The Committee is of the opinion that the Corporation could well serve as an important instrument for carrying out the policy of modernisation of the industry, in raising financial resources, scrutinising loan applications and making financial assistance available to needy mills. There would of course be the need for the Corporation to build its own technical and financial expertise, and the Committee would recommend to Government that it should be adequately strengthened with qualified staff on the technical and financial sides. It may be desirable to arrange for practical training for such staff at Government cost in modern progressive mills as also in the Textile Commissioner's establishment. The exclusive reliance on the technical staff of existing mills with the attendant problem referred to earlier can be effectively checked if an alternative pool of such persons is available with the Corporation to be drawn upon as occasion demands. Moreover, with the setting up of a Central Corporation, the State Corporation could well serve as a liaison body with that organisation.

4.13. With the passing of the Cotton Textile Companies (Management of Undertakings and Liquidation or Reconstruction) Act, 1967, the Central Government would now be empowered to order the sale of a mill or purchase it at a "Reserve" price, or alternately implement a scheme of reconstruction of the concerned company. It would be however too premature at this stage to offer any remarks about the exact scope and the role that would be assumed by the Central Corporation being set up under this Act in the textile mill sector in the State. Judging however from the fact that the Central Corporation is expected to have limited resources, and the competing demands that would be made by the mills in other parts of the country, it would appear that the acquisition of mills by the Central Corporation would have to proceed on a phased basis, and the State Government would perhaps have to shoulder the burden of managing a number of textile mills for some years to come. Elsewhere, the Committee has noted that the Government is unable to implement long term schemes of modernisation in many Government managed mills, as the eventual ownership of the concern does not vest in the Government. With the passing of the new legislation, Government would now be in a position to acquire a mill with a view to its final reconstruction and modernisation. But whether it is to run and modernise mills taken over by Government or to control the operations of mills provided with large financial assistance for the purpose of modernisation, the State Corporation will be the most appropriate agency for handling this work. No time may therefore be lost in preparing it for the task both financially and organisationally.

4.14. Having regard to the heavy financial commitment and important policy decisions involved in the taking over of mills by Government, the Committee considers that it would be desirable to set up a high level Board to formulate the policy in regard to the provision of working finance, wage-structure, capital investment, settlement of outstanding claims and such other

matters, from time to time. The Board may be designated as the State Textile Board and should consist of the following members :—

Minister of Finance.

Minister of Labour.

Minister of Industries.

The Textile Commissioner (Government of India).

The Secretary, Finance Department.

One representative of the Mill Industry.

One representative of Labour.

One technical expert.

The Secretary, Industries and Labour Department, should be the Member-Secretary of the Board.

The Board should meet at least once in three months and take a review of the working of all Government managed mills in the preceding quarter in addition to addressing itself to the specific problems of policy which may arise in their working.

CHAPTER V

THE PRODUCTION AND MARKETING OF COTTON

5.1. It does not need an elaborate argument to emphasise the importance of an adequate supply of cotton at reasonable prices in the working of the cotton textile industry. As the bulk of the cotton consumed by the Indian textile industry is grown within the country, the fortunes of millions of cotton growers are also linked up with the prospects of that industry. The existence in the country of a viable cotton textile industry is thus a matter of vital concern to the farming community which expects to secure a remunerative price for its produce of cotton.

5.2. The State of Maharashtra is not only one of the major producers of cotton textiles in the country but it also accounts for nearly one-fourth of the country's produce of cotton. The acreage under cotton in the State has varied from 2.5 to 2.7 million hectares over the past few years. A major portion of this produce of cotton within the State is consumed by the mills in the State though cotton of certain varieties is imported from other States and also from foreign countries. The relative position of Maharashtra in the production and consumption of cotton in the country will be seen from the Statement No. 17 in Annexure I.

5.3. For a country with such a large area of land under cotton, it should be reasonable to expect that the mill industry would not be required to spend scarce foreign exchange on the import of foreign cotton except of very special varieties. Unfortunately the production of cotton within the country has not kept pace with the growing demand from the industry, even apart from years of severe drought and loss of productions in 1965-66 and 1966-67. A chronic shortfall in the produce of cotton coupled with the uncertainty and high cost of foreign imports has invariably resulted in pushing up the prices of Indian Cotton. The general inflationary situation and the rise in the prices of the produce of competing crops has no doubt contributed to this result. For some years a system of floor and ceiling prices for different varieties of cotton was introduced by Government with a view to maintaining relative stability in prices. But the basic weakness in the situation was not cured by these measures and in actual practice the price controls gave way before the law of demand and supply. Ultimately the controls had to be radically modified with the laying down of only a support price in place of the unworkable floor and ceiling prices. With the expectation of a better crop during the last year (1967-68) it was hoped that even in a free market the prices would not be much higher than the erstwhile ceilings. These hopes have not been fulfilled as will be seen from Statement No. 18 in Annexure indicating the trend of cotton prices in the recent past.

5.4. The tendency to a decline in prices from November 1967 to March 1968, was reversed soon after. The voluntary agreement among certain important mill groups to restrict their purchases and the restrictions on credit against stocks of kapas were largely responsible for the temporary declining trend. But once these restrictions were relaxed, prices again started to rise, placing a heavier burden of cost on the mills.

5.5. From the point of view of the cultivator of cotton also the position was not satisfactory. The initial decline in cotton prices when the prices of other agricultural produce still ruled high led many farming interests to wonder if they were right after all in their decision to grow cotton instead of some other crop with a more remunerative return, and if they should not reverse their decision in the following season. The reaction of the cotton growers in Vidarbha was particularly strong in this respect.

5.6. In view of what has been stated above it would be clear that the issue of cotton price poses, in the present situation, a very delicate problem. High prices increase the cost of the mills and add to their difficulties. Yet lower prices which the mills might find reasonable might not be remunerative from the point of view of the farmer and may result in a reduction in the acreage under cotton and a consequent fall from even the present insufficient production, leading to much higher prices in future.

5.7. The only way in which this vicious circle can be broken is by an increase in the internal production of cotton. With so many competing claims on the cultivable land in the country, it is not reasonable to hope for an increase in the acreage under cotton except to a marginal extent. The real remedy must be found in an increased yield per acre. An increase in the supply of cotton brought about in this way may lead to a fall (or at least arrest the further rise) in prices without reducing the income derived by the cultivator. What he loses in the lower price, he should more than make up in the larger quantity produced and marketed.

As will be seen from the table below the yield per acre in India is deplorably low in comparison with other important cotton growing countries of the world.

TABLE 12

Name of the Country	Yield per acre (in Lbs.) (1966-67)
U.S.A.	480
U.S.S.R.	729
Pakistan	254
Syria	497
U.A.R.	517
Sudan	387
Tanzania	291
India	114

Source.—International Cotton Advisory Committee January, 1967.

But the position of Maharashtra in this respect is even worse than the all-India average. The yield per acre in this State is not more than about 60 per cent. of the national average. The poor performance of

Maharashtra in relation to some other States will be seen from the following table :—

TABLE 13.

Name of the State						Yield per acre (lbs.)	
Punjab	..	..	..	..	..	250	260
Kerala	..	..	..	..	..	150	170
Madras	..	..	..	..	..	150	160
U. P.	..	..	..	..	..	130	140
Maharashtra	..	..	..	..	..	60	80

Source.—Bombay Millowners' Association—Memorandum.

The division-wise breakup of the area under and the yield of cotton in Maharashtra presents the following disquieting picture :—

Cotton year 1967-68.

Division	District		Area under cotton in '000 acres	Production of cotton '00 bales of 180 kg. each.	Yield per acre (lbs.)
1	2		3	4	5
Bombay	..	Greater Bombay ..	....	....	....
	..	Nasik ..	16.8	76	180
	..	Dhulia ..	201.1	319	63
	..	Jalgaon ..	728.7	1,416	77
	..	Total for the Division ..	946.7	1,811	76
Poona	..	Ahmednagar ..	83.8	385	182
	..	Poona ..	24.4	82	133
	..	Satara ..	12.1	71	233
	..	Sangli ..	14.8	67	180
	..	Sholapur ..	23.5	172	290
	..	Kolhapur ..	3.7	19	204
..	Total for the Division ..	163.3	796	195	
Aurangabad	..	Aurangabad ..	420.6	563	53
	..	Parbhani ..	618.3	1,125	72
	..	Bhir ..	182.1	281	61
	..	Nanded ..	443.8	871	78
	..	Osmanabad ..	105.5	172	65
..	Total for the Division ..	1,770.3	3,012	68	

Cotton year 1967-68—*contd.*

Division	District	Area under cotton in '000 acres	Production of cotton '00 bales of 180 kg. each	Yield per acre (lbs.)
1	2	3	4	5
Nagpur	Buldhana	630.4	1,031	65
	Akola	897.8	1,305	58
	Amravati	863.4	1,403	64
	Yeotmal	805.1	1,144	56
	Wardha	399.1	637	63
	Nagpur	189.0	433	91
	Bhandara	....	....	....
	Chanda	74.1	128	69
Total for the Division		3,858.9	6,081	63
Total for Maharashtra		6,738.2	11,700	69

Source.—Millowners' Association, Bombay (Third forecast by the Cotton Development and Grading Officer, Poona, subject to revision.)

It will be observed from the above that except for the Poona Division where cotton is grown in irrigated land, the yield per acre in the rest of Maharashtra is deplorably low, and consequently the cost of producing and marketing cotton is high. Against the all-India average of 16 per cent. only 3 per cent. of the area under cotton in Maharashtra is irrigated. The rest is dependent entirely on the rains.

5.8. It is, therefore, imperative that vigorous efforts should be made to improve the yield of cotton per acre in Maharashtra at least so as to bring it up to the present average of the country, within a short period. In the absence of adequate irrigation facilities which usually take long to materialise (except in the case of minor works), the dependence on rainfall cannot be eliminated. But many cotton growing areas in Vidarbha, Khandesh and Marathwada are generally known to have an assured rainfall and the provision thereof the necessary inputs need not be made to wait on the creation of extensive artificial irrigation facilities. Improved seed, fertilisers and plant protected devices like pesticides can be provided in adequate quantities and utilised under proper technical supervision to bring about higher yields.

5.9. The Indian Cotton Mills' Federation has shown on the basis of its own pilot projects in different parts of the country how in irrigated areas the yields can be substantially increased by the application of the necessary inputs. With the cost of the inputs at Rs. 200 per acre, the Federation has calculated that the additional output of 200 lbs. of cotton lint and 400 lbs. of cotton seed could fetch upto Rs. 540 leaving a net gain of Rs. 340 per acre. The lead which the Federation has given in this respect deserves to be appreciated and followed up over a larger area by the Government and co-operative agencies in the yield.

5.10. The Government of Maharashtra has in collaboration with the Government of India undertaken a scheme for the co-ordinated development of cotton in the major cotton growing areas of the State with a view to raising the production of cotton in the State by 4 lakh bales by 1970-71.

In the intensive or package blocks of 30,000 acres each, it is proposed so to provide the various necessary inputs as would increase the average yield per acre by nearly 56 lbs. Some of these inputs will also be provided over large acreage outside the package areas (which will be necessarily few) with varying increases in yields. If the scheme is vigorously implemented with the co-operation of the cultivators, it will constitute a major advance on the present poor state of cotton cultivation in the State. We recommend that the maximum financial and organisational support be given by Government to schemes designed to increase the yield per acre of cotton in the State.

5.11. Much as such schemes might contribute to giving an incentive to the cultivator to continue to grow cotton of the required quality and in sufficient quantity the marketing of his produce still leaves much to be desired. It is a proverbial phenomenon in a country with a large number of small farmers that their capacity to hold stocks being extremely limited, they sell the produce soon after the harvest, when the arrivals in the market are more than sufficient to meet the demand for current consumption. Prices, therefore, tend to be depressed and persons with large financial resources can secure the goods at such relatively low prices. During the inter-harvest period, as the stocks get depleted prices tend to rise and the holders of stocks secure the difference between the price at which the farmer sold his produce and the ruling market price at which the consumer buys it. During the years of acute shortage of cotton when prices rose to high levels as the season advanced, the middlemen made large profits without providing to the farmer any incentive which a higher price is normally supposed to offer. Even during the current season (1967-68) the price per candy of C. P. L. 147, for example, ruled around Rs. 1,450 in the month of March 1968, i.e., towards the end of the marketing season so far as the grower is concerned. By the following July the price had risen to Rs. 1,600—1,650 showing a rise of Rs. 150 to Rs. 200. Allowing for a monthly carrying charge of $1\frac{1}{4}$ per cent., the amount of this charge for a candy over a period of 4 months would not be more than Rs. 75. The excess of Rs. 75 to Rs. 125 per candy is appropriated by the trader for no particular service rendered by him, leaving the cultivator high and dry in the bargain. Any claim that there is a risk of prices falling below cost and the middleman has to bear it, would not bear scrutiny in view of the recent and present supply position of Indian Cotton.

While no one can dispute the useful role of the middleman in the orderly marketing of the produce of millions of small and economically weak farmers scattered over a wide area in the absence of an alternative agency to undertake this task, if a better and more equitable method of organising this service can be devised it would certainly be an advantage for the community. No elaborate argument will be needed in the India of to-day to suggest that co-operative marketing is one such method which may accord well with the democratic principles and social objectives accepted by our people. That is the only way of making marketing a service pure and simple without the accompaniment of any manipulation, financial or otherwise.

5.12. We understand that about 15 to 20 per cent. of the produce of cotton is even now marketed by the co-operative marketing societies in the State. But that is too small a portion of the total marketable produce to make any impact either on the market or on the cultivator. However, even here it is noticed that the growth of co-operative marketing is extremely uneven.

as between different districts of the State. While Jalgaon, Nagpur, Nasik and Nanded market a fairly large proportion of their produce on the co-operative basis, other important cotton growing districts like, Yeotmal, Wardha, Amravati, Akola, Buldhana, Parbhani, Aurangabad, Dhulia, Sholapur and Ahmednagar are still lagging behind in this effort. In Gujarat about 75 to 80 per cent. of the cotton is marketed co-operatively. There is no reason why Maharashtra should lag behind in this field especially when the co-operative movement is so well advanced in the State in several other spheres of activity. The Committee would, therefore, recommend that vigorous steps should be taken by the State Government to promote the establishment of co-operative marketing societies and co-operative ginning and pressing factories in the cotton growing areas of the State. While the primary societies would collect, gin and press the cotton grown by the farmers the sale of the pressed bales to the consumers i.e. the mills, may not be possible for them to make except on a limited and local basis. For this they would need the assistance of a central body like the State Co-operative Marketing Federation which already performs extensive trading operations in other commodities. We understand that since last year the Federation has also commenced the marketing of cotton partly on its own behalf and partly on behalf of the primary marketing societies. As it gains experience in this line and establishes contacts with the mills, it will be able to handle a large volume of trade in cotton.

5.13. However, co-operative marketing would be successful only on two conditions. The first and foremost is the availability and use of experts for handling such a highly technical operation as the marketing of cotton. We would urge that the State Co-operative Marketing Federation should be encouraged to build up such an expertise by engaging the services of persons experienced in the handling of cotton for the market. The second and no less important, is the provision of adequate finance. Assuming that Maharashtra produces about 15 lakh bales of cotton per annum to-day, the value of this produce at an average price of Rs. 700 per bale would be Rs. 105 crores. Most of this produce would be received in the primary markets by the month of March-April following the first harvest in October-November. Between March-April and the following October-November when the new harvest is gathered, i.e. for a period of six to seven months the stocks will have to be carried by the co-operative marketing organisation. On the basis of an average of two months stocks being kept by the mills, the Co-operative Organisation will need to find finance equal to the value of 5 months stocks. Again assuming that the entire produce is delivered to the mills over a period of twelve months, the value of 5 months stocks would work out to Rs. 44 crores. A minimum credit limit upto this amount will be necessary for the State Co-operative Marketing Federation if it is to undertake this operation. It is obvious that it will be for the State Co-operative Bank to provide the necessary finance of this order. Whether it can do so with its present resources should be examined and if necessary its share capital as well as other resources should be suitably strengthened. A deliberate policy of bringing the marketing of cotton in the State under co-operative auspices within a period of 5 to 10 years should be laid down and the necessary financial resources and chain of organisation should be gradually built up for the purpose. Since Maharashtra does not have a monopoly in the production of cotton for which there is an all-India market, the co-operative marketing organisation will have to be businesslike and cost conscious on its own in this competitive business.

5.14. It has been suggested as an immediate move in the direction of co-operative marketing is that the Government managed mills should be directed to make their purchases of cotton from the co-operatives in preference to the private merchant. There does not seem to be any opposition to the proposal from the managers of these mills provided the purchase can be effected with due regard to price and quality. The main hurdle in the way however appears to be the lack of adequate finance with these mills with the result that they cannot make prompt payment for their purchases. A corollary to the directive referred to above will, therefore, be that the Government should place adequate finance by way of working capital with these mills in order to enable them to carry out the directive subject of course to a competitive price and quality and satisfactory pre-sale service being offered by the co-operatives. Whichever way one looks at the problem it is clear that ultimately the financial resources will have to come from or under the guarantee of the Government and made available either to the mills or to the co-operative structure.

5.15. The private trader who will ultimately be displaced by the co-operative structure renders considerable financial support to the cultivator. That is how the latter gets attached to him for the sale of his produce. The improvements in the provision of crop finance etc. under the co-operative system which have taken place will no doubt supply some of his needs and make him less dependent on the trader. But that may not solve all his problems. The Committee would recommend a thorough study of the cultivator-trader relationship with a view to increasing the usefulness of the co-operative structure to the cultivator and thus ensuring his loyalty to the co-operative.

5.16. It is also necessary to impress on the leaders of the co-operative marketing movement that the utmost care should be taken to protect the quality of the cotton offered for sale. Any mixing of inferior varieties for temporary gains will give a bad name to the movement and cost it the loss of its market. If the co-operative succeeds in maintaining unmixed quality and desists from certain reported malpractices it will also be rendering a service to the mills whose manufacturing performance will be improved thereby. The Government's restrictions on the transport of other than specified varieties of cotton between different districts or regions also need to be energetically enforced in order to ensure the purity of the varieties marketed.

5.17. The sophistication attained by the private trader in the marketing of cotton over many years of experience in the line cannot be acquired overnight by the co-operative structure. For that it will require a band of honest and enthusiastic workers prepared to learn the intricacies of the business over years of patient toil with an eye on the long term interest of the farmer. The fact that thousands of farmers stand to gain from the success of the co-operative way should itself prove to be a challenge and an opportunity for public-spirited leadership in this field.

CHAPTER VI

REHABILITATION AND MODERNISATION

6.1. It has already been observed that the survival of the Cotton Textile Industry depends largely on the speed and efficiency with which its old and obsolete machinery is rehabilitated and/or modernised. It must be stated at once that a wide disparity exists between different mills in regard to the extent to which they have taken steps in this direction. At one end of the scale one sees a few mills in Bombay and Ahmedabad which have taken timely steps in this matter and set up modern plants working at a high level of efficiency. At the other end there are mills particularly at mofussil centres which have remained almost exactly as they were when they were established 50 or 60 years ago working with a high labour complement and unable to make both ends meet. In between are a large number of mills at various levels of modernization as reflected in the addition they have made to the gross block over the years. However, an addition to the gross block, does not by itself give a correct indication of modernisation. For one thing, the addition may represent a mere expansion of the unit such as the putting up of so many additional spindles or looms or setting up a process house where none existed before. Or it may represent the construction of ancillary structures like office buildings, which do not directly affect the state of the machinery used or the working conditions within the mill. Such being the position it is extremely difficult to generalise for the industry as a whole and say either that it has paid enough attention to the needs of modernisation or that it has paid no attention to it at all.

6.2. An important point often raised on the question of modernisation is that of obsolescence of old machines. As new and more efficient machines are developed, the older machines become obsolete in the sense that it is difficult to secure their spare parts or physical duplicates for the simple reason that they cease to be produced. The machinery manufacturers find it an extremely uneconomic proposition to keep on meeting small orders of the older models when the production is switched over to the newer models. Nor is it to the advantage of the users of the older models to go on with them since a new model is invariably more economical to run. Under conditions of competition the producers with the latest types of machines can easily sell below the prices asked for by these with the obsolete ones and thus ultimately everyone who remains in the business has to fall in line and adopt the latest types of machines. This happens even when, in the physical sense, the old machines are still serviceable. However, the Indian textile industry has not developed under the competitive conditions to which industry in the western countries was used. The urge to modernize has therefore been weak in our case especially with a large protected domestic market being readily available. As a result, many units in the industry are burdened with machinery which is so old that unless it is replaced wholesale with modern machinery it is not worthwhile running the mill in the face of the present level of working costs. In other words, the cost at which such units can be made to run profitably will throw a burden on the consumer in terms of the higher price which he will have to pay to cover that cost.

6.3. Even assuming that the position of cloth as an essential commodity of every-day use and the absence of a free flow of imports into the country enable the industry to exact a higher price from the Indian consumer and thus make him pay for the use of obsolete machinery, the prospect of exporting Indian Cloth to foreign countries at such prices will be very dim indeed. One has only to consider the huge investments made by other countries who compete with us in foreign markets to appreciate the modernisation gap between them and us. Over the period of five years from 1959 to 1963, the U.S.A. has spent the equivalent of Rs. 2,000 crores, Japan Rs. 820 crores, and France Rs. 422 crores on the modernisation of their textile industry. Similarly during the three years from 1959 to 1962, the U.K. has invested Rs. 560 crores for the same purpose. Contrasted with these is the Indian figure of Rs. 510 crores over the period of 15 years from 1951 to 1966. This figure includes not merely the amount spent on rehabilitation and modernisation but also expansion. According to another estimate, during the Third Plan period the industry has invested only about Rs. 75 crores on rehabilitation and modernisation. It is with countries with a high degree of modernisation and intensive working of the capacity that our industry has to compete in the export markets. The changes that are thus taking place in competing countries cannot be ignored by us if the Indian textile industry is to be an important earner of foreign exchange for the country. It will, therefore, be seen that both from the stand point of the internal consumer as also from the view point of export earnings, it is not in the larger interests of the country to continue to work with obsolete and uneconomic machinery. Speedy and effective steps must therefore be taken to scrap the obsolete machines by adopting a deliberate plan of their replacement with modern ones.

6.4. It must be conceded that the degree of modernisation attainable in this country will be governed not merely by the technological advances achieved in the world but also by the availability of resources for the purpose and our ability and willingness to deal with its immediate social consequences. We shall deal with the problem of resources in the following paragraphs. Here it is necessary to refer to the social consequences of modernisation in terms of reduction in the labour force required to keep the industry running. Any scheme of modernisation is bound to mean a reduction in the number of workers employed. In a country with a large percentage of unemployment amongst its work force this is bound to create a social problem. But there is another side to the picture viz. that the productivity of those who remain in the industry is increased by modernisation. Also the possibility of the modern machinery being utilised fully by working three shifts instead of the erstwhile one or two provides an additional avenue of employment. The same result also follows from any scheme of rationalisation even without a large-scale replacement of the plant. But with all that, it has to be recognised that a price in terms of a part of the labour force being rendered superfluous has to be paid if the industry is to keep pace with changing technology. The resulting unemployment has to be viewed as a part of the total unemployment problem in the country and not as something which is the special responsibility of the textile industry as such. Only the rigour of the social problem can and should be reduced somewhat by a planned programme of modernisation and by providing for the payment of appropriate

compensation along with other accumulated benefits to those discharged from the mills.

6.5. Various estimates of financial requirements for modernisation and rehabilitation of the cotton mill sector have been made from time to time. The last authoritative estimate was made in 1960 by the Working Group, set up under the aegis of the National Industrial Development Corporation. The Working Group was asked to examine *inter alia*, the extent of the finances required for modernisation and rehabilitation of the industry, the availability of finances and other allied matters. The Working Group had estimated a total cost of about Rs. 800 crores, if the entire capacity of the mill industry in the country at that time were to be 'set anew', and suggested the investment on modernisation at a modest pace during the Third Plan of the order of Rs. 180 crores. Out of this the industry could according to the Working Group, be expected to prove a sum of Rs. 60 crores from within its own resources, which with sustained efforts could go up to a sum of Rs. 80 crores at the most. The balance of Rs. 100 crores had to be raised from external sources. This estimate would however need an upward revision at present considering that the Working Group estimates of costs were based on machinery prices prevailing in 1958-59 and the fact that the industry in subsequent years was unable to modernise itself to the anticipated levels. The Planning Sub-Group on Textiles Machinery had estimated that the industry's requirements for rehabilitation (apart from Rs. 130 crores on expansion) during the Fourth Plan period would be Rs. 159 crores based on 1963-64 f. o. b. or ex-works prices.

An earlier estimate of the rehabilitation needs of the industry is available from the Report of the Bombay Cotton Textile Industry (Rehabilitation) Enquiry Commission, 1959. The Commission, however, covered mills in Bombay City, and modernisation requirements taken into account were only upto a limited extent. Thus, for the 51 mill-companies covered by the study, the Commission estimated that the cost of rehabilitation, replacement and modernisation would be Rs. 42.55 crores upto 1961 and Rs. 66.34 crores upto 1970. That estimate is also now out of date, even assuming that it covered the minimum requirements of the mills in question.

6.6. The Committee thus found that no reliable estimate of finances needed for rehabilitation and modernisation of the mills in Maharashtra at current prices was readily available. The Committee had sought to obtain a picture of the total outlay involved from individual mills to whom the questionnaire was addressed. But in a large number of cases no clear estimates were available and proceeding from the replies to the questionnaire would have had the effect of underestimating the order of finances required in as much as mills which had not replied to the questionnaire or had not furnished an estimate would have been excluded. The Committee therefore considered that broad estimates for mills in Maharashtra with a high percentage of coverage were necessary. For this purpose the Committee would again refer to the classification of mills in Maharashtra into five groups on the basis of the average gross profits to sales, over the last three years i.e. 1964-65 to 1966-67 as noted in Chapter III. It will be observed that these five groups cover a capacity of 3.93 million spindles and 67,895 looms and can therefore provide a fairly reliable basis for an estimate.

6.7. The Committee considers that while the complete modernisation of mills in Group I and II may be spread over a period of 20 years, the period has to be shortened as we move down from Group III onwards. That

is because of the greater degree of obsolescence which is noticed in the case of the latter set of mills. Even there, mills falling in Group V need to be completely modernised within a much shorter period than others if they have to be made to run economically at all. Complete modernisation means, in effect, the scrapping of almost the entire existing machinery of the mill and putting new one in its place. Taking account of this factor as also the limitations in regard to resources, the Committee considers that the requirements of modernisation even on a modest basis would involve the following proportions of the installed capacity being replaced per year for each of the five groups of mills:—

Group I	...	5 per cent. of installed capacity.
Group II	...	5 per cent. of installed capacity.
Group III	...	7½ per cent. of installed capacity.
Group IV	...	10 per cent. of installed capacity.
Group V	...	15 per cent. of installed capacity.

In estimating the replacement cost per unit consisting of one loom, equivalent spindles and necessary processing equipment we have tried to analyse the capital cost of some of the co-operative spinning mills and one or two co-operative processing units recently started. The overall per spindle cost in such a spinning mill varied from Rs. 600 to Rs. 800 according to the type and make of machines, cost of land and type and number of buildings and godowns. No figures were available for any new weaving factories. In processing also no figures of capital cost for machines for special modern finishes were available. For regular replacements no significant additions to the buildings or extra land are necessary except where process houses are to be newly added. Besides, the old machinery to be replaced will be fetching a certain disposal value. We have carefully considered all these factors and have estimated the general replacement cost per unit in the different groups as under:—

TABLE 15.

Group No.	Spindles per loom.	Proposed replacement cost per unit.	Original cost per unit of the present block.
I	67.65	57,000	38,695
II	61.25	54,000	35,210
III	55.74	50,000	24,996
IV	55.40	50,000	17,125
V	45.65	45,000	12,683

It is obvious that where mills have made regular additions to their block including process sections their total average capital cost per unit has been higher because of the increased number of machines and their rising costs. Where no such additions are made their per unit capital cost has remained low as in the case of mills in Groups IV and V. They will have to spend larger amounts to make up for the shortfall and renovate their plant.

Table 16 below indicates the estimates made by us for the different groups of mills. The total cost for all the 74 mills included in them works

out to 25.93 crores per year. But considering the financial position of 31 mills falling in Groups I and II and the availability of internal funds, the Committee is of the opinion that these mills will be in a position to raise the necessary funds on their own. However, in the case of the remaining 43 mills in Groups III, IV and V it is found that they have been able to spend on an average Rs. 5.26 crores on their gross block during the last 7 years against our estimate for the proposed replacement of Rs. 17.64 crores. If they are able to finance their modernisation programme to the extent of Rs. 5.26 crores as before, they will require an additional amount of Rs. 12.38 crores from external sources. If, therefore, these mills are to continue working, Government have to take the responsibility for providing (or guaranteeing) funds to the tune of Rs. 12 crores per annum for a minimum period of seven years. At the end of that period all the mills in Group V will have been modernised, those in Group IV will have been renewed to the extent of 70 per cent. and those in Group III to the extent of 50 per cent. of their capacity. The entire position of the profitability of these mills would then have been changed and Government assistance in the subsequent period will have to be on a much smaller scale than before. A review of the whole position may be taken at that time to determine the future course of action.

6.8. It is necessary to point out that our estimate of the financial requirements given above refers to only 74 out of 95 mills in Maharashtra. We have no accurate basis on which to determine the requirements of the remaining 21 mills. However, in order to give a rough idea of the total amount involved and proceeding from certain assumptions, we have hazarded the following projection. Of the 21 mills left out from our analysis, the new co-operative spinning mills and mills like Century Rayon deliberately left out on account of its substantial non-cotton manufacturers, can be safely classified along with mills in Groups I and II, and the remaining mills will fall in the last three groups. Assuming again that the distribution of these 21 mills between the different groups in terms of their loom-spindle units is roughly in the same proportion as that of the 74 mills studied earlier and which accounted for 86 per cent. of the total loomage of all the mills in Maharashtra, we may consider the estimate of Rs. 12 crores of outside assistance required for modernisation as representing 86 per cent. of the total of this amount for all the mills. A simple arithmetical calculation from this gives us the total of Rs. 14 crores as the requirements for all the mills. Thus we may broadly say that the finance required to be arranged for by Government for all the mills in the State may be of the order of Rs. 14 crores per annum for a period of seven years.

6.9. The Committee is aware that an amount of Rs. 14 crores per year for a period of seven years is a heavy burden on the resources of the State of Maharashtra. We, therefore, recommend that the responsibility of providing funds on such a scale might be shared on a 50 : 50 basis between the Government of India and the Government of Maharashtra. The amount may be advanced either directly by Government or by some other financial agency under guarantee from the State and Central Governments as a long term loan payable over a period of say, 15 years at a concessional rate of interest. The Committee would also recommend that Government constitute a special Committee to prepare a scheme for and watch over the progress of modernisation. Such a Committee may consist of representatives of—

(1) Government, (2) Managements, (3) Labour, (4) Lending Agencies and (5) Independent Experts.

6.10. In its report on modernisation and rehabilitation the Working Group (1960) referred to earlier in this Chapter, made a number of valuable suggestions which are valid even at the present day. We would particularly mention the following which merit attention while framing the scheme for modernisation :—

“ There should be a minimum level of modernisation in all units, a level below which no units should be allowed to exist (Paragraph 24) ”.

“ Whichever changes are adapted the effect of modernisation generally is a reduction in the number of workers required, the size of the reduction depending upon the degree of modernisation (Paragraph 16) ”.

“ Where rehabilitation of any units is not worthwhile, it is necessary that the units are compulsorily scrapped (Paragraph 133) ”.

“ It is hardly of any use trying to run any unit for a little while by make-shift arrangement. This may be sometimes done with a cut in wages or with deferred wages. But this is no proper solution to the problem created by such units (Paragraph 134) ”.

“ If the cause of the sickness is that the labour costs are high because of surplus labour or want of appropriate rationalisation and if labour is not willing to accept reasonable form of rationalisation, then too it is hardly suitable to run units through public authority (Paragraph 135) ”.

The Committee would further add that in granting (or guaranteeing) financial assistance to the mills the usual security norms will have to be relaxed. It is precisely because mills are unable to secure funds on the basis of their current profitability or the value of other assets, that the need for Government help arises. If the same commercial criteria as before are attempted to be applied for granting assistance the position will continue exactly as it is and no improvement can take place. All these restrictions which have the effect of impeding the flow of funds for modernisation will have to be relaxed to a considerable extent.

In view of the large amount of public funds involved in the above scheme, the management of the mills will have to be scrupulously above board in every respect. Apart from the formation of the Committee referred to in paragraph 6.9 above, the State and Central Governments may impose such other conditions on the working of the mills assisted by them as will ensure that the money is being properly spent for the purpose intended to be served. In particular, a close watch on the financial transactions of the mills in question will have to be maintained with a view to ensuring that the amounts earmarked for modernisation are not diverted to other purposes.

TABLE 16

Requirements for modernisation of mills in Maharashtra

	1	2	3	4	5	6	7
1. Group No.	1	2	3	4	5	Total	
2. No. of Mills	11	20	24	9	10	74	
3. (a) Spindles installed	7,99,396	11,17,440	12,89,762	3,02,936	4,21,096	39,30,630	
(b) Looms installed	11,817	18,245	23,140	5,468	9,225	67,895	
(c) Spindles per loom	67.65	61.25	55.74	55.40	45.65	57.89	
4. Gross Block (in crores)	45.52	64.24	58.13	9.36	11.70	183.95	
5. Written down Block (Rs. in crores)	18.65	30.31	28.63	3.93	5.41	86.93	
6. (5) as % of (4)	40.97	47.19	49.25	41.96	46.27	46.00	
7. Gross block per Unit of one loom and spindles as in 3(c) (Rs.)	38,695	35,210	24,996	17,125	12,683	27,830	
8. Written down Block per Unit of one loom and spindles in 3(c) (Rs.)	15,855	16,615	12,310	7,185	5,864	12,803	
9. Proposed replacement as per percentage of the Block per year	5	5	7.5	10	15	7.6	
10. Units proposed to be replaced per year	591	912	1,736	547	1,384	5,090	
11. Replacement value per unit including required processing equipment (Rs.)	57,000	54,000	50,000	50,000	45,000	50,236	
12. Yearly replacement cost (10) x (11) (Rs. in crores)	3.37	4.92	8.68	2.73	6.23	25.93	
13. Actual yearly average increase in crores during 1960-67 for rehabilitation and expansion	3.33	4.99	4.21	.33	.72	13.58	

CHAPTER VII

CO-OPERATIVE SPINNING MILLS

7.1. A significant development in the organisation of the Cotton Textile Industry in recent years has been the establishment of co-operative spinning mills. In pursuance of the policy of the Government of India to encourage the growth of the co-operative sector especially in the field of agro-industries as many as 21 licences were issued during the Third Five-Year Plan for the establishment of spinning mills in Maharashtra in that sector. It was hoped that with the gradual expansion of the co-operative sector, Maharashtra alone would have as many as 30 co-operative spinning mills by the end of the Fourth Five-Year Plan. However, it now appears that the progress in this direction will be slower than was originally expected. As will be seen from the Table given at the end of this Chapter, only 18 such units are now in the field and only six of them have commenced production. The others are in various stages of construction. The total licensed capacity of all the mills comes to 2,84,800 spindles. Of this the six mills which have commenced production account for 1,13,800 spindles.

7.2. The principal difficulty faced by the promoters of the co-operative spinning mills arises out of their inability to raise the minimum of 20 per cent of the cost of the unit in the form of share capital. The contribution of this amount by way of shares by the members of the co-operative mill qualifies it for further financial assistance from Government. The initial enthusiasm of the promoters is not always backed by sustained interest and effort subsequently, leading to delay in the completion of the project or curtailment of the capacity initially sanctioned, or its abandonment altogether. There have been instances of all these in Maharashtra.

7.3. The present pattern of financial assistance given to co-operative spinning mills is as under :—

- (a) Growers' Mills ...
- (1) 13.33 per cent of the project cost is to be collected as share capital from the members ;
 - (2) 6.67 per cent of the project cost is to be given as loan for purchase of shares ;
 - (3) 20 per cent of the project cost is to be given as Government share capital contribution ; and
 - (4) Balance 60 per cent is to be raised by way of deferred payment facilities and loan from financing agencies.
- (b) Handloom and Powerloom Weavers' Mills.
- (1) 20 per cent of the project cost is to be raised as share capital of which 75 per cent of the share value is given as loan to the weavers for purchase of shares of the mills ;
 - (2) 20 per cent of the project cost is to be given as Government share capital contribution ; and

(b) Handloom and Powerloom Weavers' Mills—*contd.*

(3) Balance 60 per cent of the cost of project is to be raised by way of deferred payment facilities and loan from financing agencies.

The present pattern of share capital contribution in the case of growers is likely to be revised, and the revised formula envisages 13.33 per cent share capital to be collected from the members, and the Government would give 26.67 per cent of the project cost by way of Government share capital contribution. The revised pattern of financial assistance would, however, not affect the case of the weavers' mills.

Out of the original eighteen co-operative mills, the first six units were financed by the Maharashtra State Co-operative Bank, and four other units are expected to be financed by the Industrial Finance Corporation of India in the current year, 1968-69. The question of raising external finance in respect of the remaining eight units still remains uncertain at present.

7.4. The Committee had the opportunity of visiting the co-operative spinning mills at Sholapur, Kolhapur, Ichalkaranji, Nagpur and Amravati. Of all the mills visited the Committee was very much impressed with the working of the Deccan Co-operative Spinning Mills, Ichalkaranji. The following brief review of its main features and working gives an indication of its salient features :—

(a) Registered in 1960, the mills commenced production with about 12,000 spindles and the growth of spindleage is as indicated below :—

TABLE 17

Year			Number of spindles at end of year
1962-63	...	...	11,960
1963-64	...	...	11,960
1964-65	...	...	24,488
1965-66	...	...	37,816
1966-67	...	...	37,816

This mill society has four classes of membership with a total of 419 members, who hold 2,404 shares and account for a capital contribution of Rs. 24.04 lakhs. The members of the society amongst themselves own 972 handlooms and 1,856 powerlooms.

(b) *Technical performance.*—The mill on an average employs 482 workers with a complement of 2.27 workers per 1,000 spindles, on an average spinning count of 74.09. The D. F. A. paid to a worker per month amounts to Rs. 123 (September 1967). The comparative figures below would indicate a high level of technical efficiencies with progressive improvement in standards :—

TABLE 18

80s Weft	1965-66	1966-67
Average production per spindle (gms.) ...	25.49	25.90
Operatives per 1,000 spindles ...	2.29	2.29
H. O. K. working efficiency ...	71.87	70.52
Standard workman production ...	12.8	12.8
Index of production efficiency ...	178.2	182.2

(c) *Financial Analysis.*—The financial working of the mill for the last three years is indicated below :—

TABLE 19

in lakhs except for item 3)

	1964-65	1965-66	1966-67
1. Sales (Adjusted)	62·74	108·77	165·55
2. Gross Profit *	16·42	25·37	37·79
3. Gross Profit as percentage of sales ..	26·2	23·3	22·8
4. Interest	3·55	7·77	10·11
5. Depreciation	5·81	24·87	20·48
6. Net Profit/Loss	0·84	(—) 16·18	3·67
7. Paid up Capital—			
(a) Members' share contribution ..	20·49	22·99	23·92
(b) Government share contribution ..	15·00	22·80	22·80
8. Reserves and Surplus (inclusive of depreciation fund).	34·57	70·02	95·22
9. Gross Fixed Assets	120·36	168·19	174·59

*Gross Profits calculated before depreciation, interest, development rebate and taxes

The Gross Profits as percentage of sales has averaged nearly 24·1 per cent with the turnover increasing by more than 100 per cent. over the three year period. The working of the mill generated surplus funds of the order of Rs. 60 lakhs between 1964-65 and 1966-67. All this shows a highly satisfactory performance.

(d) *General Observations.*—The success of the Deccan Co-operative Mills at Ichalkaranji has in turn led to the establishment of other co-operative institutions there. Ichalkaranji may well be termed as a pioneer centre for fostering the co-operative movement in the textile industry in the State of Maharashtra. The success of the mill has been in a large measure due to the untiring efforts and personal zeal of its promoters. Other important factors contributing to its success have been the close link between the mills and the consumers of yarn who are either handloom or powerloom owners, the existence of a ready local demand for yarn and the production of fine and superfine counts. The technical efficiency, low labour complement, and running of the mills in a business-like manner have largely contributed to the impressive progress made by these mills.

7.5. The Committee would like to make a special mention that the Ichalkaranji Mill could well serve as a model for other co-operative mills being established elsewhere in the State. A close examination of its working and progress would serve as an indicator of what can be achieved by the co-operative spinning mills in the country given good and dedicated management, and the adoption of business methods in the working of the mills.

7.6. It has been observed by the Committee in the course of its visits to co-operative spinning mills that a disproportionate share of the project's cost has in some cases been spent on buildings. The necessity of keeping capital expenditure on such items to the minimum needs to be emphasised.

7.7. The Committee has also observed that in the case of a new project the promoters do not always have the necessary technical expertise for setting up the mill and bringing it upto the stage of normal working. Either because of a desire to minimise the initial cost or because of a lack of appreciation of the important role of the expert from the long-term point of view, persons who have no adequate experience in the line are put in charge of the project at the preliminary stage. This causes a lot of difficulty in the subsequent working arrangements and adversely affects the efficiency of the unit. The Committee would therefore recommend that a competent senior executive should be appointed on each project from its very inception.

7.8. The working conditions in some of the new mills recently set up required to be considerably improved. This was all the more necessary in view of the up-to-date and sophisticated machinery installed in them. The most economical utilisation of the machinery is likely to be adversely affected by such conditions. Proper technical direction right from the stage of the design of the building would have improved the situation. Without proper working conditions and technical direction the large capital invested in the machinery and plant would place so heavy a burden on the finances of the unit as to put it permanently into a loss.

7.9. It also appeared to the Committee that there was in some cases interference from some members of the Board of Directors in the day to day working of the mills. This existed particularly in matters relating to employment of and discipline among workers. Sometimes raw and inexperienced workers were recruited and put to work on modern sophisticated machines even as trainees. The damage that would be caused by this method to the machines which require to be handled by trained workers can be easily imagined. The authority of the technical heads of departments is also likely to be undermined on account of such interference. The Boards should show awareness of the capital-intensive character of these new mills and desist from any action which would come in the way of securing the maximum returns from their operation. As for the training of inexperienced workers, the Committee would recommend that they should be given proper training in established mills before they are allowed to handle modern machinery in a new mill. If necessary the cost of such training should be borne by the new mills where they will eventually be employed. Within the general policies laid down by the Board, the management of the mill should be left to the executives in accordance with the accepted norms of business management.

7.10. Co-operative Mills in the State are subject to the supervisory and administrative authority of the Registrar of Co-operative Societies. But the Registrar's organisation is not equipped to scrutinise the technical working and efficiency of these mills. In view of the increasingly important role which mills in the co-operative sector are bound to play, it is necessary that proper and timely guidance should be made available to them in technical matters so as to make their working efficient as well as economical. For this purpose it will be desirable to establish in the Industries Department at the State level a nucleus of technical and financial experts in the textile manufacturing field. It may also be desirable to prescribe quarterly returns indicating the technical efficiency and financial results of the working of the mills, which should be scrutinised by the staff mentioned above. In serious

cases of functioning below the normal levels of efficiency the State Government may take the help of the office of the Textile Commissioner for making a thorough technical survey of the mill in question. Such a machinery of supervision and scrutiny would enable Government to take timely action in appropriate cases. In view of the fact that large public funds are invested in the share capital of these mills, such a course would be justified even from the point of view of the proper utilization of public moneys. The Committee, therefore, recommends that a suitable machinery on the above lines should be set up in the Industries and Labour Department of the State. The Committee further recommends that this machinery should supplement the present supervisory organisation under the Registrar of Co-operative Societies and function in purposeful collaboration with the latter.

7.11. The defects in the working of the co-operative mills which were noticed by the Committee, were no doubt due to inexperience and a certain lack of business acumen. The Committee is convinced that they can and will be removed. In course of time the co-operative sector will act as the torch bearer of democratic as well as efficient management in the field of textile manufacturing. It is, therefore, only proper that the maximum scope should be given to this sector to develop and expand. Most of the co-operative spinning mills are at present limited to a capacity of 12,000 spindles. While the present may not be the most opportune time for increasing their spindleage, as and when the expanding needs of our people are converted into an expanding demand, the question of increasing the capacity will have to be tackled. The Committee would recommend that in allotting additional spindleage hereafter the first preference should be given to such co-operative mills as have an installed capacity of less than 25,000 spindles and their capacity should be raised to that level. The economic efficiency of the mill will be considerably improved on the basis of a capacity of 25,000 spindles. Until all mills licensed at present have reached this level, no additional mills should be licensed in the State.

TABLE 20
Progress of Co-operative Mills
(Report para 7.1)

Serial No.	Name of mill	Location	Spindelage capacity	Project Cost (Rs. in lakhs).	Progress made
1	2	3	4	5	6
1	The Amravati Growers' Co-operative Spinning Mills.	Amravati	.. 20,000	164.00	Commenced production, December 1966.
2	The Shrirampur Taluka Sahakari Soot Girni Ltd.	Shrirampur	.. 12,000	126.00	Commenced production, March 1968.
3	The Sholapur Co-operative Spinning Mills Ltd., Sholapur.	Sholapur	.. 12,000	100.00	Commenced production, January 1967.
4	The Marathwada Co-operative Spinning Mills Ltd., Nanded.	Nanded	.. 12,000	110.00	Commenced production, February 1968.
5	The Nagpur Vinkar Sahakari Soot Girni Ltd., Nagpur.	Nagpur	.. 20,000	145.26	Commenced production, January 1967.
6	The Maharashtra Co-operative Spinning Mills, Bhusaval.	Bhusaval	.. 12,000	120.00	Building is completed, and machinery received. Erection of machinery held up for want of funds.

Serial No.	Name of mill	Location	Spindleage capacity	Project Cost (Rs. in lakhs).	Progress made
1	2	3	4	5	6
7	The Rahuri Taluka Co-operative Spinning Mills Ltd., Rahuri, District Ahmednagar.	Rahuri	.. 13,000	115.00	Land has been secured. Imported machinery received and orders have been placed for indigenous machinery.
8	The Jawahar Co-operative Spinning Mills Ltd., Latur, District Osmanabad.	Latur	.. 12,000	110.00	Civil Works are nearing completion and erection of machinery has commenced.
9	The Yeotmal Sahakari Shetkari Soot Kapad Girni Ltd., Pusad, Yeotmal.	Pusad	.. 12,000	110.00	Civil works have come to plinth level and machinery has been received.
10	The Kolhapur Zilla Shetkari Vinkari Sahakari Soot Girni Ltd., Ichalkaranji.	Ichalkaranji	.. 25,000	N.A.*	Expected to have gone into production in May 1968.
11	The Vishwa Bharati Co-operative Spinning Mills Ltd., Bhiwandi, District Thana.	Bhiwandi	.. 25,000	140.00	Erection of machinery is under progress.
12	The Bharat Co-operative Spinning Mills Ltd., Madhavnagar, District Sangli.	Madhavnagar.	12,000	100.00	Civil works have come to plinth level and machinery is received.
13	The Jalgaon Co-operative Spinning Mills Ltd., Jalgaon.	Jalgaon	.. 12,000	95.00	Land has been secured. It has received imported machinery and it has yet to place orders for indigenous machinery.
14	The Akola Co-operative Spinning Mills Ltd., Akola.	Akola	.. 12,000	95.00	Land has been allotted but possession has not yet been given by the M. I. D. C. Received imported machinery of Rs. 3.60 lakhs and order for indigenous machinery yet to be placed.
15	The Nasik District Co-operative Spinning Mills Ltd., Satana.	Satana	.. 12,000	95.00	Land has been secured. It has received imported machinery and it has yet to place orders for indigenous machinery.
16	The Aurangabad Zilla Sahakari Soot Girni Ltd., Aurangabad.	Aurangabad	.. 12,000	95.00	Do.
17	The Deccan Co-operative Spinning Mills Ltd., Ichalkaranji.	Ichalkaranji	.. 37,800	175.00	Commenced production in 1962.
18	The Yeshwant Co-operative Spinning Mills Ltd., Sholapur.	Sholapur	.. 12,000	130.00	Application for licence is still under consideration of the Government of India.

*N.A.—Not available.

CHAPTER VIII

POWERLOOMS

8.1. The Committee did not consider it necessary to make a comprehensive study of the powerlooms in the State, but restricted itself to the part played by the powerloom sector in the general framework of the textile industry in the State. The Committee had the benefit of two earlier reports on the subject. One was the "Report of the Fact Finding Committee on Powerloom Industry in the State of Maharashtra" (1962), the main object of which was to ascertain the burden of excise duty on powerlooms and the comparative costs in the powerloom and composite mill sectors. More recently, the Report of the Powerloom Enquiry Committee (1964) has dealt exhaustively with the various aspects of the powerloom industry, both cotton and non-cotton and made a number of important recommendations thereon. Apart from dealing with various aspects of the working of powerlooms, their organisational set-up and inherent handicaps, that report also defined the future role of powerlooms in the country.

8.2. At the outset it may be stated that it was difficult to obtain authentic figures regarding the total number of powerlooms in the State or their exact geographical distribution. The Powerloom Enquiry Committee (1964), placed the total number of powerlooms in Maharashtra at 74,004 (51,198 cotton, 22,806 non-cotton), including those which were authorised and those which were unauthorised. A more recent figure given by the Textile Commissioner on the basis of valid tex-marks places the total number of powerlooms in Maharashtra at 94,579. The estimates vary widely because of the constant influx of unauthorised looms, even though the Textile Commissioner has sought to remedy this defect by regularising them from time to time. Considering that Maharashtra leads all other states in the country with the highest concentration of powerlooms in its territory, it is imperative for Government to secure reliable information of the number and location of powerlooms in the State. The State Government carried out a comprehensive census of looms in the year 1959, which revealed that the number of unauthorised looms alone accounted for 31,124 out of a total loomage of 44,579. The Committee would recommend to Government that steps should be taken to carry out a regular census of powerlooms in the State on a biennial basis as recommended by the Powerloom Enquiry Committee.

8.3. Elsewhere in the Report, we have had occasion to note that the future development of the textile industry lies mainly in the production of yarn by co-operative spinning mills which in turn would feed the decentralised sectors, i.e., handlooms and powerlooms. The Powerloom Enquiry Committee has also noted that "Looking ahead over a period of the next ten or twelve years, powerlooms are likely to continue to be a part of the country's industrial economy and their growth should be planned as a part of the overall strategy of development". Looking to the general conditions in the industry the Committee is of the view that there is hardly any possibility of a new mill, either composite or spinning, being established in the private sector in the immediate future. With increased reliance being placed on powerlooms for meeting the additional demand for cloth in the country, it would be obvious that this sector deserves to be strengthened and made economically viable.

8.4. It has also to be recognised that the existence of a thriving powerloom sector in the close proximity of co-operative spinning mills is conducive to the efficient functioning of the mills, as the latter are assured of a regular offtake of yarn in the locality itself. It was brought to our notice by the management of a co-operative mill in Vidarbha, that it had to sell its yarn at distant places like Malegaon in the absence of a powerloom centre nearby. Likewise, a private sector mill could not find a ready outlet for its surplus yarn owing to the absence of local demand from powerlooms. The following table indicates that the powerlooms are mainly concentrated at Bombay, Bhiwandi, Malegaon and Ichalkaranji and the Committee would, therefore, recommend that special efforts be made to promote the establishment of cotton powerlooms in Vidarbha and Marathwada regions, preferably in the co-operative sector, having regard to the establishment of a number of co-operative spinning mills in these regions.

TABLE 21

Statement Showing Distribution of Powerlooms in Maharashtra State

Serial No. 1	Centre 2	Cotton 3	Non-Cotton 4	Total 5
1	Bombay ..	10,292	18,074	28,366
2	Malegaon ..	16,946	140	17,086
3	Ichalkaranji ..	9,461	55	9,516
4	Dhulia ..	2,112	95	2,207
5	Bhiwandi ..	23,761	4,598	28,359
6	Madhavnagar ..	826	85	911
7	Satara ..	172	....	172
8	Nagpur ..	159	3	162
9	Sholapur ..	2,713	12	2,725
10	Kolhapur ..	797	25	822
11	Ahmednagar ..	667	3	670
12	Kalyan ..	12	330	342
13	Aurangabad ..	52	72	124
14	Kolaba ..	22	....	22
15	Sangli ..	1,155	34	1,189
16	Poona ..	194	....	194
17	Yeotmal ..	373	....	373
18	Rest of Maharashtra ..	1,307	32	1,339
	Total ..	71,021	23,558	94,579

8.5. The Committee would not like to reiterate the several handicaps experienced by this sector as the same have been exhaustively dealt with by the Powerloom Enquiry Committee (1964), and by and large it agrees with the several findings and recommendations of that Committee. The Committee would make particular mention of the following conclusions and recommendations of that Committee as being relevant and opportune even at the present time :—

(a) "We would lay considerable emphasis on the importance of adequate working finance for the proper functioning of the powerloom

industry in the country. In the light of the important role which the decentralised sector will have to assume in supplying the clothing needs of the country in future, all efforts should be made to ensure that the powerlooms obtain necessary finance at fair rates of interest. The State Finance Corporations, Government loans under the State Aid to Industries Act, and Commercial Banks, particularly the State Bank of India, may have to step in a big way to fill the gap. The resources of these financing institutions may have to be adequately augmented in order to make them take up these responsibilities" (paragraph 5.10).

(b) "It is desirable that powerloom owners should be enabled to market their cloth direct so as to derive the full benefit arising from the sale of processed cloth. Processing factories should therefore be established in the different centres in the country. These processing establishments may preferably be on co-operative lines, but we do not rule out such facilities being provided by private entrepreneurs". (paragraph 5.1).

(c) "A pattern of growth for the powerloom industry which seems to be feasible would be based on clusters of about 300 powerlooms each—not under one roof but in small units within convenient distance of one another—established in and around small towns; fed by yarn from a mill, preferably a co-operative spinning mill; sizing facilities being provided by a co-operatively owned sizing unit; finance being provided by either existing Banking institutions or special Powerloom Corporations, processing establishments again preferably co-operatively owned, and marketing arrangements (not necessarily co-operative), which do not operate to the detriment of the powerloom weaver". (paragraph 13.15).

8.6. There has been a demand for the establishment of a Powerloom Board at the State Government level to look after the powerloom interests in the State. The constitution of such a Board has been recently announced by Government.

8.7. Consequent on the recommendations of the Powerloom Enquiry Committee (1964), the Central Government allotted a quota of 7,300 looms to this State out of a total of 97,000 for the whole country. A total of 5,000 looms have been earmarked for the co-operative sector and the balance of 2,300 looms is being distributed to individuals. It appears that not much headway has been made by the Co-operative Department in establishing new looms in the co-operative fold. The pattern of financial assistance laid down by the Government of India, provides for Rs. 3,000 as the cost of a loom inclusive of motor and accessories, but this is considered to be inadequate. We understand that this matter has been taken up with the Government of India for enhancing the provision to Rs. 5,000 per loom in view of current market prices. The estimates made in 1964 of Rs. 3,000 for the capital cost of preparatory and processing stages and Rs. 2,700 for the requirements of working capital would also need an upward revision in view of the rise in prices since then. It is noted that the Government of India have directed that the working capital requirements under this scheme should be met through institutional finance. The question of providing working capital for these looms under the Reserve Bank of India Scheme is still under consideration of that Bank. It may be seen in view of the present slackness in the demand for cloth that the setting up of additional looms would burden the industry with still more unwanted cloth. But with the expected improvement of the economy within the next Five-Year Plan period the demand is bound to pick up. However, while the actual installation of

the additional looms may await a somewhat more opportune time, the preliminary steps could certainly be taken by the co-operative department without loss of time.

8.8. On its visit to Bhiwandi the Committee found that the working conditions of those engaged in the powerloom sector of the industry were far from satisfactory. Many of the sheds which housed the looms were of the poorest construction, coupled with inadequate lighting and improper ventilation. Moreover, the closeness of the looms in the sheds led to cramped conditions of working and would undoubtedly have a deleterious effect on the health of workers. In fact, it was brought to the notice of the Committee that an unusually high incidence of tuberculosis was noticeable at Bhiwandi. The Committee would like to bring to the notice of Government that the construction of proper sheds with adequate facilities for the workers is an imperative need.

Attention of the Committee was also drawn to the fact that the small powerloom owner or weaver suffered a number of handicaps such as non-availability of small lots of yarn at reasonable prices, shortage in weight and substandard quality, lack of holding capacity in respect of finished stocks of cloth etc. The limited resources with the owner-weaver lead to the exploitation of the small man by bigger financiers. The Committee is of the view that only an integrated linking of the various operations, from the purchase of yarn, to the final sale of the cloth by appropriate co-operative institutions can eliminate the exploitation of the powerloom weaver by financially powerful interests. The Committee would recommend to Government to launch a vigorous campaign to bring an increasing number of powerlooms within the co-operative fold.

8.9. Representatives of the powerloom industry have also stated before the Committee that the powerloom sector was badly neglected by Government and that it did not receive the attention it deserved, considering its importance both as a provider of employment and as the producer of cloth in a way complementary to the established mill sector. A particular instance cited was the policy of the Government in imposing heavy excise levies on sized yarn in the budget for 1967-68 as the following table of comparative rates of excise duty on sized (non-hank) yarn will indicate :

TABLE 22
Excise Duty

(In Rs. per kg.).

Counts of or More	But Less than	1966-67	1967-68	1968-69
1	2	3	4	5
51	..	1·50	5·20	3·50
40	51	1·20	5·20	3·50
34	40	0·90	2·40	1·45
29	34	0·60	2·40	1·45
22	29	0·44	0·44	0·44
14	22	0·28	0·28	0·28
6	14	0·17	0·15	0·15
..	6	0·11	0·15	0·15

*(Inclusive of surcharge)

It was stated that the concessions given in the current year's budget in respect of the rates of duty on yarn of 34 counts and above did not neutralise the heavy burden placed on the industry, apart from the fact that the sheer magnitude of the levy encouraged evasion of duty on a large scale. It appears that the general recession in the textile industry has also had its effect on the powerloom sector leading to decreased offtake of cloth and consequential closure of a number of looms. The Committee feels that in order to encourage the formation of co-operative societies of powerloom weavers, a concession in excise duty may be given to looms in the co-operative fold.

8.10. Elsewhere we have referred to the question of the financial burden of the payment of retrenchment compensation to workers rendered superfluous in existing mills which are modernised. As a method of reducing that burden and also of rehabilitating the retrenched worker, we would suggest the introduction of a scheme under which such workers are offered the first option to buy a surplus loom against their dues so that they can set up a powerloom unit of their own, preferably in their own villages. The success of such a scheme would no doubt depend on a suitable machinery being evolved for meeting the requirements of yarn of such weavers and effecting the sale of their cloth through an appropriate co-operative institution. As a large number of the workers in a mill usually hail from the same district, it is likely that such looms will be set up in clusters in particular villages or towns and it may not be difficult to select a suitable central place for the distribution of yarn and the collection of the woven fabrics for sale. The Committee would recommend that the co-operative department should work out the details of such a scheme if there is sufficient response to it from the retrenched workers.

8.11. In view of the growing preference of the consumer for processed cloth, the powerloom weavers are likely to fetch a better price for their goods if they are sold after being processed. Processing facilities are however not always readily available to them and if available through private enterprise are provided only at a high cost. It is, therefore, essential to set up sizing and processing houses on co-operative lines at important centres within reach of the powerloom sites. Here again the Yeshwant Co-operative Processors Ltd., Ichalkaranji, has shown the way. During 1966-67 this processing house processed 13.65 lakh kgs. of cloth and its working results have been satisfactory. The members of this processing house are themselves Co-operative Societies of powerloom weavers and derive an advantage in price of nearly 7 to 8 per cent per metre of cloth woven over unprocessed cloth. We recommend that central processing houses each with a daily capacity of a minimum of one lakh metres should be established on a co-operative basis at suitable centres where the growth of powerlooms in the surrounding area would lead to the utilisation of their full capacity. Financial assistance to these processing units should be given on the same lines as in the case of co-operative spinning mills. This will be one more essential step in the direction of decentralising economic power and in carrying the benefits of modern industrialisation to the countryside without the evils attendant on urban congestion.

CHAPTER IX

DEAR FOOD ALLOWANCE AND PRODUCTIVITY

9.1. The present wage structure in the Cotton Textile Industry in Maharashtra was evolved from the standardisation award given by the Industrial Court at Bombay in 1947. Besides the minimum wage of Rs. 30 per month under that award, the mill worker in Bombay was also granted under the award of the Industrial Court in April 1948, a dearness allowance or Dear Food Allowance (D.F.A.) as it is called, of Rs. 44-11-11 for a month of 26 days with a view to neutralising 90 per cent. of the rise in the cost of living over the minimum wage, taking 279 as the average index number for the year 1947. In the year preceding the award the average D.F.A. payable to the worker was about Rs. 41. A further increase of 10 per cent. in the D.F.A. was granted in 1951 on the ground that the deprivation of a part of emoluments of the lowest paid worker on account of his compulsory contribution to the Provident Fund Scheme needed to be compensated. Subsequently, in 1955, the D.F.A. was permanently linked with the cost of living index granting almost 100 per cent. neutralisation of the rise in the price index. The Labour Appellate Tribunal in its decision of 17th January 1955 awarded an increase in the quantum of D.F.A. to the mill worker in Bombay of 5 per cent. so long as the cost of living index remained upto 335, $7\frac{1}{2}$ per cent. upto 350 and 10 per cent. beyond 350. Thus the rate of dearness allowance which was Rs. 44-11-11 in 1947 had risen to Rs. 81-58 in 1958.

9.2. In March 1957 a Central Wage Board was appointed for the cotton textile industry and was asked, *inter-alia*, to "work out a wage structure based on the principles of fair wages as set forth in the report of the Committee on Fair Wages". The Board submitted its report in December 1959 in which it had, among other things, recommended that an average increase of Rs. 8 in basic wages for certain textile centres and Rs. 6 for other centres should be given to the workers subject to the condition that no worker in these two groups of centres received less than Rs. 7 and Rs. 5 respectively as increased wages from January 1960. The Board also recommended a further increase of Rs. 2 per worker from January 1962, for all the workers in all the Centres. However, by mutual agreement between the Rashtriya Mill Mazdoor Sangh and the Millowner's Association, Bombay, it was decided that each worker should receive a flat increase of Rs. 8 per month. Accordingly the Industrial Court made an award incorporating this agreement and it was hoped that this would facilitate rationalisation.

9.3. The first central wage board had also suggested a moratorium for five years on any revision of the basic wages in the cotton textile industry. At present the second central wage board is sitting and has not submitted its report so far.

It may be noted that, though the workers' wages differ according to the nature of their occupations and work-load, they receive a uniform D.F.A. linked to the cost of living index which varies from month to month and centre to centre. The disparities in the rates of D.F.A. paid at different centres in the State are very wide. On account of the continued price inflation the rates of D.F.A. have increased by as much as 200 per cent. at some centres during the last 10 years. The disparities in the rates of D.F.A. as

between centres within the State and those outside have also increased as will be evident from the Table below :—

TABLE 23

Minimum Wages and Dearness Allowance in the Cotton Mill Industry of India for a Standard Month of 26 working days :—

Period	Bombay	Ahmedabad	Sholapur	Nagpur	Madras	Kanpur	West Bengal
Minimum Basic Wages	*40·00	*38·00	**34·00	@32·00	*40·00	**38·00	**36·17
Dearness allowance.—							
Average for—							
1956	.. 68·75	63·94	57·68	46·86	47·75	51·76	30·00
1957	.. 74·00	71·31	63·22	51·35	51·13	55·80	30·00
1958	.. 81·58	75·31	44·01	54·99	55·84	58·48	31·25
1959	.. 86·42	88·69	46·73	63·18	61·40	59·59	32·50
1960	.. 89·25	87·81	59·52	67·01	67·68	59·49	32·50
1961	.. 91·79	86·95	66·59	64·77	75·85	59·94	35·79
1962	.. 95·76	88·52	73·02	64·69	79·09	63·43	44·01
1963	.. 96·08	85·15	72·82	67·36	83·05	66·69	50·53
1964	.. 114·79	103·44	92·23	80·72	96·68	86·36	55·38
1965	.. 127·08	125·90	96·33	101·65	115·14	101·92	60·81
1966	.. 148·62	133·80	113·82	102·81	125·49	106·76	70·03
1967	.. 167·56	172·77	129·63	118·32	137·34	135·99	82·01

*This includes a flat increase of Rs. 8·00 with effect from 1st January 1960 and Rs. 2·00 with effect from 1st January 1962 as recommended by the Central Wage Board for the cotton textile industry.

@This includes a flat increase of Rs. 6·00 with effect from 1st January 1960.

**This includes a flat increase of Rs. 6·00 with effect from 1st January 1960 and Rs. 2·00 with effect from 1st January 1962.

Source:—Indian Labour Journal.

9.4. The Bombay Millowners' Association has been complaining about the high cost of wages etc. which accounts for 25-30 per cent. of the total cost of production of mill cloth without full compensation in the prices of the controlled varieties. In the three years from 1964 to 1967 the average rates of D.F. A. in Bombay rose from Rs. 114·79 to Rs. 167·56, i.e., by Rs. 52·77 per worker per month imposing an additional burden on the mills.

With a view to arresting the continuous rise in the wage bill, the Millowners' Association had given a notice of change to the Rashtriya Mill Mazdoor Sangh demanding (1) that the dearness allowance should be linked to a more reliable consumer price index, (2) that the rate of neutralisation of the rise in the cost of living should not be more than 66·2/3 per cent. of the minimum wage of Rs. 30 fixed by the Award of the Industrial Court, and (3) the quantum of dearness allowance should not be varied unless the index

fell or rose by an average 10 points during a period of 12 months. This question could not be settled by negotiation and the matter is now pending before the Industrial Court. The Committee has, however, noted that even in 1958, the move by the Millowners' Association to reduce the rate of neutralisation of the rise in the price index to a level of 66.6 per cent was rejected by the Industrial Court.

As against this contention of the Millowners' regarding the abnormal rise in the D. F. A. and the wage bill the Rashtriya Mill Mazdoor Sangh and the All India Trade Union Congress whose representatives had appeared before the Committee, were of the view that the gravity of the present crisis in the textile industry had been highly exaggerated and that this was a temporary phase characteristic of the history of the cotton textile industry. As for reduction of D. F. A. on account of its excessive burden on the cost of production, it was pointed out that the organised labour in this industry had obtained this direct linking of D. F. A. with the cost of living index after a great deal of effort and any suggestion to reduce the present level of wages in any form will not at all be acceptable to them.

9.5. The Committee has observed one interesting feature of the wage burden on the textile industry. Its analysis of the audited Profit and Loss Accounts of 74 mills in Maharashtra of varying standing has revealed that the ratio of the cost of wages, salaries, provident fund, welfare expense etc. to the total ex-mill realisation has not increased in the case of mills in Groups I and II. - In the case of mills in Group III the increase is marginal. But in the case of mills in Groups IV and V which employ about 45,000 workers it has been rising at an alarming rate. It is for these mills that the high rates of D. F. A. create a very difficult problem. On the basis of the quality and quantity of the cloth that they produce, they are unable to meet the high cost of wages and D. F. A. and are running into losses. Either therefore they will have to close down or the employees will have to accept a cut in their emoluments, pending the adoption and completion of a programme of rationalisation which might improve the productivity of these mills.

9.6. However, one consequence of the D.F.A. being at a level of 4 to 5 times the minimum wage should cause grave concern. That is in terms of the disincentive to higher productivity on the part of the workers which such a situation causes. Since the D.F.A. is not linked to efficiency, workload and quality of work and since it is independent of the earned wages for the quantum of work they put in, the workers and the unions are naturally against any measures which might result in a reduction in their D. F. A. This has, on the other hand, acted as a disincentive to improve productivity and quality because after all, such improvement might at the most give them about 7 to 10 per cent increase in their basic wage. This would be hardly about Rs. 6 to Rs. 8 per month over the present average basic wage, in the case of workers employed on piece rates. This is hardly attractive enough to the worker to put in additional effort. The only way out of this anomalous situation is to merge a reasonable part of the D. F. A. with the basic wage. Serious effort deserves to be made to bring about an agreement between the workers and the managements of mills on this question.

9.7. Productivity in the cotton textile industry depends on a number of factors such as the condition of plant and machinery and working conditions such as plant lay-out material handling devices, etc., apart from the all

important human element involved. The part played by the operatives in increasing productivity would be conditioned by their health, level of education and training, and last, but not the least, motivation. Furthermore the quality of cotton, humidity conditions and proper lighting do influence the manufacturing processes and their efficiencies.

That the sum total all these factors has resulted in a very low level of productivity in the industry in this country is seen from the following table :—

TABLE 24
Productivity in the Textile Industry

Serial No.	Country	Workers engaged in Spinning Department	Yarn production (in 1000 Kgs.)	Yarn production per worker per annum (Kgs.)
1	Denmark	1,685	8,357	4,960
2	Finland	2,080	15,860	7,625
3	Federal Republic of Germany	49,075	3,01,365	6,141
4	Switzerland	6,262	34,490	5,508
5	U.S.A.*	1,05,600	17,54,111	16,611
6	France	39,265	2,72,365	6,937
7	Japan	70,520	4,90,167	6,951
8	Italy	56,100	1,93,074	3,442
9	U. K.	49,420	2,21,700	4,486
10	India	3,25,000	8,92,574	2,746

*Figures of workers inclusive of non-manual employees.

1, 2, 3, 4, 5, 6 inclusive of workers in doubling departments of integrated mills.

Notes.—The above does not take into consideration differences in respect of (1) Average Count, (2) Length of Shifts, (3) No. of working days in a year.

Source.—(1) IFCATI's Survey on Manpower ; (2) European Cotton Industry Statistics ; (3) U. K. Cotton Board ; (4) Cotton World Statistics ; (5) Textile Commissioner Bulletin ; and (6) Modern Cotton Industry—OECD.

The lower productivity in India as compared to other countries is largely due to the high labour complement in Indian industry. The number of workers employed per 1000 spindles upto spindle point, varies from about 3 to 12 in India. As against this, in Japan, for example, the figure varies from 1.5 to 4.5 only.

9.8. Another important factor that has effected the productivity of the cotton mills in India in general and particularly in Maharashtra is the heavy absenteeism among the workers as will be seen from the table below.

TABLE 25

Percentage of Manshifts lost to Manshifts Scheduled to work.

Year (Monthly)Average	Cotton Mill Industry						
	Bombay	Ahmedabad	Sholapur	Madras	Madura	Coimbatour	Kanpur.
1	2	3	4	5	6	7	8
1956 ..	8.3	6.5	18.4	6.2	13.0	11.4	11.1
1957 ..	7.1	6.8	16.0	7.0	13.2	11.3	13.0
1958 ..	7.0	7.1	13.6	7.4	18.5	12.3	13.1
1959 ..	7.3	6.6	13.4	7.7	13.4	11.3	13.7
1960 ..	10.5	7.3	16.9	8.2	13.0	11.9	14.2
1961 ..	11.9	16.0	14.7	7.7	13.5	12.0	15.1
1962 ..	11.3	8.3	15.3	7.8	13.8	12.8	27.4
1963 ..	11.8	8.0	18.3	7.8	13.5	13.1	15.3
1964 ..	11.6	7.9	16.7	8.1	12.2	12.8	12.5
1965 ..	18.4	....	15.3	10.2	14.4	13.3	12.5
1966 ..	20.2	....	27.2	10.3	19.0	13.2	12.6
1967 January ..	13.5	....	30.1	10.2	18.1	12.3	9.2
February ..	14.6	....	36.2	9.9	18.4	15.7	10.3
March ..	20.1	....	30.2	9.1	17.0	16.1	10.8
April ..	21.5	....	32.1	9.1	18.1	12.6	11.6
May ..	23.0	....	37.7	9.7	14.5	12.7	13.8
June ..	25.2	13.6	33.0	10.0	14.9	12.6	13.5
July ..	23.5	11.3	29.9	8.7	13.2	10.8	11.6
August ..	16.9	9.4	26.7	8.9	12.1	17.2	10.9
September ..	15.5	10.3	32.6	9.7	11.4	10.6	9.0
October ..	14.5	11.1	26.2	9.4	11.5	9.3	....

Source:—*Maharashtra Labour Gazette* for Bombay and Sholapur, *Indian Labour Journal* for other Centres.

It will be seen from the above table that the percentage of manshifts lost varies from 6.2 per cent. to as high as 37.7 per cent. The worst affected centre in Maharashtra is Sholapur where absenteeism ranges from about 13 to 30 per cent. It is difficult to understand the continued trend in absenteeism over the years. The environmental working conditions in mills, wages, bonus, medical facilities, housing and education have all improved in the industry under various legislations during the past 20 years. The fact that the rate of absenteeism has not shown a declining trend, despite so many efforts made to improve the lot of the mill worker, would only serve to indicate that the workers as a class have not yet imbibed industrial discipline. One of the mills at Sholapur had urged that the workers were not prepared to work more than what was just necessary for meeting their minimum needs. Therefore, they did not care to attend for all the days in the month. On the other hand the Trade Union representatives at the same centre stated that being constantly in debt the workers were

prepared to accept lower wages paid in cash at the end of the day by working on powerloom for a few days in a month. Probably the millowners had the master-weavers and jobbers who might be owning powerlooms in view while the union was referring to the lowest paid workers who were in debts. The textile worker even in a city like Bombay still has his moorings in the village; he is not completely urbanised and his strong attachment to social and religious customs and festivals in addition to the seasonal needs of labour on the farm may be partly responsible for the high rate of absenteeism.

9.9. The speeds and production of the old and obsolete machines in Indian mills are atleast 15 per cent lower than those of modern machines. Compared to the machine speeds of Japanese mills they are 30 to 40 per cent lower. The weaving productivity is also equally low.

9.10. The Committee feels that steps should be taken to improve productivity by bringing about a gradual rationalisation of the working processes in accordance with a definite programme. As for the absorption of surplus labour in other departments, a major difficulty that may come up is that the experience of a surplus worker in the spinning department may not be useful in the weaving or processing department where there may be room for absorption. To meet this difficulty the Committee suggests that the mills should be advised to start training schemes so as to facilitate the re-deployment of the workers in different departments wherever possible. This will be particularly necessary in cases of mills in mofussil centres where the general employment situation is difficult.

9.11. Schemes of rationalisation or modernisation of machinery could not be taken up by many mills because they had no resources to pay off retrenchment compensation and other terminal benefits to the workers who were willing to leave the industry. The Committee having come to the conclusion that there are no chances of increasing the employment potential in the cotton textile industry, and a gradual diversion of surplus labour to other occupations is an economic necessity, suggests that the mills should be directed to create a gratuity fund account to which appropriate amounts for meeting the gratuity liability should be credited every year. Probably a separate trust will have to be created for this account. It will also be prudent on the part of the mills to set aside a similar fund for the payment of retrenchment compensation when due.

CHAPTER X

TEXTILE SERVICE CADRE

10.1. We have suggested at various places in the Report that it would be necessary to keep a close watch on the working of the textile industry in its different sectors with a view to taking timely remedial action in cases of technical and other deficiencies. This task requires the setting up of an organisation of technical and financial experts well-versed in the various aspects of the working of the textile industry. It is necessary that this organisation should be established at the Headquarters of Government. At present there is no such organisation with the State Government, with the sole exception of a Textile Officer in the Industries and Labour Department. In view of the importance of the textile industry and its problems in the economy of the State the Committee would strongly recommend the creation of a nucleus of an expert organisation for this purpose in the Industries and Labour Department. To start with it should consist of six officers, three on the technical side and three on the commercial and financial sides with the necessary office staff. The three technical officers should possess at the minimum a degree/diploma in textile technology, each with specialisation in a different branch thereof, with at least five years experience of working in a large textile mill in a responsible capacity. The other three officers should be financial, marketing and accountancy experts respectively. Each of them should have the minimum qualification of a degree in economics or commerce and in the case of accountancy expert also Membership of the Institute of Chartered Accountants or the Institute of Cost and Works Accountants. All of them should also have at least five years experience in the textile field in their respective branches.

10.2. Depending on the extent to which Government is, in course of time, called upon to bear a greater share of responsibility in the field of the textile industry, the Committee visualises that eventually this nucleus may have to be expanded into a full-fledged textile service cadre to which appointments may be made on the basis of competitive examinations held by the State Public Service Commission.

CHAPTER XI

PRICE CONTROL AND TAXES

11.1. The cotton textiles being one of the vital consumer items were subject to various types of controls in the past. A few years back there was a scheme of voluntary price control in order to hold the price line of cotton yarn and cloth. These voluntary prices were required to be stamped on the cloth produced by the mills. But the scheme did not work well due to various reasons.

11.2. The statutory price control was introduced in October 1964 with a view to curbing the rising tendency of cloth prices. Certain varieties of cloth namely dhoties, sarees, long cloth, shirting and drills were controlled in such a way as to meet the demand for these varieties in the internal market. Every composite mill was asked to fulfil a minimum statutory obligation for packing of the above varieties of cloth. The gross percentages of such obligations were varied from 50 per cent. to 40 per cent. depending on the availability of and demand for controlled varieties of cloth.

11.3. With effect from 2nd May 1968 the gross percentage of statutory obligation has been reduced further from 40 per cent. to 25 per cent. and the area of the controlled varieties has also been modified to cover only the coarse and medium 'B' categories of controlled cloth namely dhoties, sarees, long cloth, shirting and drills.

The new control scheme provides for (1) payment by the Government at a specified rate per square metre to mills packing controlled varieties of cloth in excess of their obligation subject to a certain ceiling; (2) payment by the mills to the Government at a prescribed rate per square metre for the shortfall of the packing of their obligatory controlled cloth. As an additional incentive for boosting up export and supply of defence requirements, the statutory obligation is reduced in proportion to the quantity of any type of cloth supplied for export, defence and for the manufacture of ready-made garments for exports.

11.4. The industry has represented to the Committee that Government has not allowed an increase in the price of controlled cloth commensurate with the increase in the cost of production including the price of raw materials. According to the Indian Cotton Mills Federation, the increase in the cost of manufacture of cotton fabrics since April 1967, was of the order of 16 per cent. However, some relief has been given to the industry against this claim in terms of the recent revised scheme. In its anxiety to hold the price line of coarse and medium 'B' varieties of cloth of mass consumption the Government decided to decontrol all varieties of cloth other than coarse and medium 'B' varieties of dhoties, sarees, long cloth, shirting and drill, by reducing the percentage of controlled cloth from 40 per cent. to 25 per cent. Allowing for the rebate for export etc. the present obligation is estimated at 17 per cent of the total mill production in the country. The increase of 2 per cent. in price has also been allowed on controlled varieties of cloth, except grey dhoties and sarees, of all coarse and medium 'B' categories. The excise duty has also been so adjusted that the increase of 2 per cent. is offset so far as controlled varieties are concerned. The present scheme would afford some relief to the mill industry as 83 per cent. of the total production is decontrolled.

At the same time, it cannot be denied that the control has helped the marginal and sub-marginal mills due to quick turnover of the controlled cloth and the benefit of an excise concession.

11.5. These modifications in the scheme of controlled cloth are no doubt designed to meet the problem of the rising cost of production to a certain extent. The Committee, however, considers that they do not go far enough especially in respect of mills which are technically not in a position to change over to the production of finer varieties and must continue to produce coarse and medium 'B' varieties much in excess of their statutory obligations. Such mills are precisely the ones which are faced with great financial difficulties. The Committee, therefore, recommends that if price control is to be continued in the interest of the consumer it should be operated on a scientific basis taking into account changes in the cost of production and the value of various concessions given under the control scheme.

11.6. The industry has all along been pleading for a reduction in the burden of excise duties also. It has been noted that the total excise revenue, which in 1949-50 stood at Rs. 12.33 crores has increased to over Rs. 100 crores at present as will be seen from the following table :

TABLE 26

Growth of Excise Duty on Cloth and Yarn

(In crores of Rs.)

Years	On Cloth			On yarn	Grand Total
	Basic	Additional	Total		
1	2	3	4	5	6
1949-50	12.33	....	12.33	....	12.33
1950-51	9.26	....	9.26	....	9.26
1951-52	16.36	....	16.36	....	16.36
1952-53	13.46	....	13.46	....	13.46
1953-54	21.67	....	21.67	....	21.67
1954-55	27.59	....	27.59	....	27.59
1955-56	28.18	....	28.18	....	28.18
1956-57	51.86	....	51.86	....	51.86
1957-58	64.60	6.39*	70.99	....	70.99
1958-59	57.40	21.19*	78.59	....	78.59
1959-60	46.75	19.96*	66.71	....	66.71
1960-61	45.94	20.33*	66.27	0.13	66.40
1961-62	47.51	19.46	66.97	4.98	71.95
1962-63	58.37	20.34	78.71	8.38	87.09
1963-64	57.36	20.78	78.14	12.67	90.81
1964-65	55.66	20.74	76.40	25.13	101.53
1965-66	50.49	20.52	71.01	25.63	96.44
1966-67	48.14	19.23	67.37	31.50	98.87
1967-68 (Budget)	45.90	20.94	66.84	42.30	109.14
Revised Estimates.					

Source :—Indian Cotton Mills Federation.

The contention of the industry has been that so long as the level of duties as related to the cost of production was reasonable, these could be passed on to the consumer. But in view of the fact that the consumers' purchasing power has been considerably impaired owing to the two successive droughts and the general recession in the country, the consumer is showing a definite resistance to the present prices, with the result that mills are perforce compelled to absorb a portion of excise duties themselves in order to ensure a normal off-take of cloth.

11.7. The Committee appreciates that the excise duty on cloth is an important source of revenue but the level of such taxation should not be unduly high. The Government may consider the extent to which reduction in the excise duties is possible. If for reasons of revenue it is not possible for the Government to reduce the excise duties, the Government may consider earmarking a portion of the total collection of the excise duty for the purpose of advancing the same to the industry on concessional terms for rehabilitation and modernisation, thus helping the industry to reduce the cost of production and eventually making cloth cheaper. So far as the mills in Maharashtra are concerned, we have already indicated the scale of financial assistance required. If the Central Government provides 50 per cent. of its share works out to Rs. 7 crores per year for seven years.

11.8. Attention of the Committee has also been drawn to the high rate of local levies such as octroi etc. in mofussil centres such as Sholapur and elsewhere. Considering the fact that a majority of the mills in the State which have old machinery and are unprofitable to work are located in mofussil areas, the Committee would endorse the need to reduce the burden of these levies to the extent possible. Incidentally, it was also brought to the notice of the Committee that a number of mills in Vidarbha suffer from frequent load shedding in the supply of power resulting in the interruption of production and consequential payment of lay-off compensation to the workers. The Committee would commend to the authorities concerned the necessity of providing an un-interrupted power supply to the afflicted mills.

11.9. The industry has been pressing for a long time for its inclusion in the list of "priority" industries in order to enable the mills to get the benefit of development rebate at a higher rate, certain relief in income-tax and accommodation on priority terms from financing agencies. Looking to the financial position of the industry in general and the urgency for modernisation involving the expenditure of crores of rupees, such relief in our opinion would go a long way and the industry's case deserves favourable consideration at the hands of the authorities concerned.

S. V. KOGEKAR,
Chairman.

S. A. KHER,
Member

I. B. DUTT,
Member.

A. J. R. GONSALVES,
Secretary.

Bombay, dated 14th August 1968.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

(1) Maharashtra leads the rest of the States in India in the matter of production of cotton and of yarn and cloth in the mill sector of the industry. (para 2.6).

(2) Maharashtra, perhaps more than any other State in India, has a great stake in the existence of a thriving cotton textile industry in the State. (para 2.7).

(3) A striking feature of the textile industry in Maharashtra is its uneven development in different regions of the State. (para 2.8).

(4) Owing to a combination of several factors the industry is faced with great difficulties (para 2.9).

(5) The survey made by the Reserve Bank of India reveals the financial weakness of the textile industry in India. (para 2.10).

(6) The closure of a mill is invariably the cumulative result of failure at one more points in the organisation and working of the mill. (para 3.2).

(7) The technical position of the mills in Maharashtra is far from satisfactory. (para 3.3).

(8) A large number of units in the mill sector in the State have failed to renovate their plant regularly. (para. 3.4).

(9) Unless adequate steps are taken for the rehabilitation and modernisation of the old machinery the present malaise afflicting the mill sector will not be overcome. (para 3.4).

(10) There is a wide disparity between the financial position as also the technical performance of different mills. Hence it would be misleading to draw valid conclusions based on the aggregate results of a financial scrutiny of all the mills taken together. (para 3.6).

(11) The Committee has, therefore, classified the 74 mills studied into 5 groups on the basis of their gross profits as percentage of sales. (para 3.6).

(12) The analysis of the 31 mills in the first two groups reveals satisfactory working. (paras 3.7 and 3.8).

(13) The factual position of the capital investment by these mills is contrary to the popular impression that mills have frittered away their profits instead of ploughing them back. (para. 3.9).

(14) The 24 mills in group III represent a case of unbalanced modernisation and a heavy interest burden. Unless properly regulated they will be in greater difficulty in the near future. (para 3.10).

(15) The 19 mills in groups IV and V are old and outworn and bear a crushing burden of interest charges being totally uneconomic to work. (para 3.11).

(16) The value of the written down block for the mills facing financial difficulties is much lower than what it is for the stronger mills. This only corroborates one of our general conclusions that the neglect of maintenance and modernisation of the plant and machinery is one of the important factors responsible for the present difficulties faced by the mills in the last 3 groups. (para 3.12).

(17) In same mills the machine utilisation has been below normal and management has made no change in the pattern of production suited to the changing times. (para 3.13).

(18) A mill will not be able to break even unless the overall realisation per installed unit per year is over Rs. 30,000 and the wages and salaries per unit are kept at or below 25 to 26 per cent of the realisation. (para 3.13).

(19) A plan for the infusion of fresh capital in the mill industry is inescapable as a long-term solution of the problem. (para 3.14).

(20) In a number of marginal mills their managements have preferred a policy of expansion to that of consolidation, with the result that any recessionary period has taxed their slender resources to their utmost. (para 3.15).

(21) The poor profitability of such units does not attract the necessary finances from potential investors. (para 3.15).

(22) The affairs of some mills have been deliberately mismanaged to the detriment of the interests of shareholders and workers employed in the undertaking. (para 3.15).

(23) Where the Government has to exercise control over the management of a mill, it would be absolutely necessary to have a close watch both on the sales and purchases of the controlled mill. (para 3.16).

(24) The maintenance of good working relations between the management and labour is a matter of the utmost importance in the smooth running of the mill industry. (para 3.17).

(25) Schemes of rationalisation even with the existing machines duly renovated are to a certain extent possible and they must be vigorously pursued. (para 3.17).

(26) It is peculiar to the textile industry that labour unions insist on the seniormost employees being discharged. Consequently the cost of retrenchment is high. (para 3.17).

(27) When the lack of finance with the mill prevents the implementation of a well-conceived scheme of rationalisation, the necessary finance should be provided by way of a loan at a concessional rate of interest. (para 3.18).

(28) The traditional view that a cotton mill can employ a large number of workers compared to units in more recently established industries needs to be revised in the light of the changing technology of textile manufactures. (para 3.19).

(29) A feature of the organisation of the mill industry in Maharashtra is the comparative neglect of the modern processes of printing mercrising, anti-shrink-processing etc. before marketing its cloth. (para 3.20).

(30) In any plan of modernising the mills, sufficient attention should be given to the establishment of modern processing houses equipped for an adequate capacity. (para 3.20).

(31) A survey of the technical and financial working of the marginal mills must be undertaken at a much earlier stage than is done under the Industries (Development and Regulation) Act, at present, if it is to serve as a basis for timely action. (para 3.21).

(32) If the present legislation on the subject is not adequate for the above purpose the question of suitably amending it should be taken up with the Central Government. (para 3.21).

(33) The primary motivation of Government in taking over the running of a closed mill, is its anxiety to avoid unemployment. (para 4.4).

(34) Most of the mills taken over by Government are not technically viable, and Government is forced to invest public moneys in an enterprise which is basically uneconomic, and where the safety of such funds is not even reasonably ensured. (para 4.4).

(35) It would not be advisable for the Government to take over the running of mills except in cases where the unit on investigation is found to be economically viable and Government advances can be considered fairly secure. (para 4.4).

(36) It is not in the long term interest of the State to invest public moneys to somehow prop up a mill which, from the technical and financial points of view, deserves to be scrapped. (para 4.4).

(37) Even in the case of a mill to be run under the Bombay Relief Undertaking (Special Provision) Act, 1958, certain minimum conditions regarding the technical and financial state of the mill should be satisfied before it is taken over by Government. (para 4.6).

(38) When a mill is taken over by Government it will be necessary to observe certain norms of efficient management. (para 4.7).

(39) In every case where an Authorised Controller is appointed, he should be full-time and paid a salary commensurate with the responsibility entrusted to him. (para 4.9).

(40) Only such persons as are familiar with the working of various aspects of the industry should be considered eligible for that appointment. (para 4.9).

(41) The Authorised Controller should have a free hand in the selection of officers from those appointed by the previous management. (para 4.9).

(42) It will be desirable for Government to build up its own agency to run the mills taken over. (para 4.9).

(43) The Maharashtra State Textile Corporation should be strengthened for this purpose. (paras 4.10 ; 4.11).

(44) The management of the Narsinggirjee Mills, Sholapur, should also be entrusted to the State Textile Corporation. (para 4.12).

(45) The Corporation could well serve as an important instrument for carrying out Government's policy regarding textile mills. (para 4.12).

(46) It would be desirable to set up a State Textile Board for formulating Government's policy in regard to Government managed mills. (para 4.14).

(47) The State of Maharashtra is not only one of the major producers of cotton textiles in the country but it also accounts for nearly one-fourth of the country's produce of cotton. (para 5.2).

(48) A chronic shortfall in the produce of cotton coupled with the uncertainty and high cost of foreign imports has invariably resulted in pushing up the prices of Indian cotton. (para 5.3).

(49) High prices of cotton increase the cost to the mills, yet lower prices might not be remunerative from the point of view of the farmer. (para 5.6).

(50) The real remedy must be found in an increased yield of cotton per acre. (para 5.7).

(51) Vigorous efforts should be made to improve the yield of cotton per acre in Maharashtra atleast so as to bring it up to the present average for the country, within a short period. (para 5.8).

(52) The provision of the necessary inputs need not be made to wait on the creation of extensive artificial irrigation facilities. (para 5.8).

(53) The Indian Cotton Mills Federation has shown how the yields can be substantially increased by the application of necessary inputs. (para 5.9).

(54) The lead which the Federation has given deserves to be followed up over a larger area by the governmental and co-operative agencies in the field. (para 5.9).

(55) The Government of Maharashtra has undertaken a scheme for the co-ordinated development of cotton with a view to raising the production of cotton in the State by 4 lakh bales by 1970-71. (para 5.10).

(56) The maximum financial and organisational support should be given by Government to schemes designed to increase the yield per acre of cotton in the State. (para 5.10).

(57) Soon after the harvest, persons with large financial resources can secure the produce at relatively low prices. (para 5.11).

(58) During the years of acute shortage of cotton the middlemen made large profits without providing to the farmer any incentive which a higher price is normally supposed to offer. (para 5.11).

(59) While no one can dispute the useful role of the middleman in the orderly marketing of the produce, if a better and more equitable method of organising this service can be devised it would be an advantage to the community. Co-operative marketing is one such method which may accord well with the democratic principles and social objectives accepted by our people. (5.11).

(60) Cotton marketed by the co-operative marketing societies in the State at present is too small a proportion of the total marketable produce to make any impact either on the market or on the cultivator. (para 5.12).

(61) Vigorous steps should be taken by the State Government to promote the establishment of co-operative marketing societies and co-operative ginning and pressing factories in the cotton growing areas of the State. (para 5.12).

(62) The State Co-operative Marketing Federation should be encouraged to build up an expertise in the handling of cotton for the market. (para 5.13).

(63) A minimum credit limit up to Rs. 44 crores will be necessary for the State Co-operative Marketing Federation if it is to undertake the marketing of the entire produce in the State. (para 5.13).

(64) A deliberate policy of bringing the marketing of cotton in the State under co-operative auspices within a period of 5 to 10 years should be laid down and the necessary financial resources and chain of organisation should be built up for the purpose. (para 5.13).

(65) Government managed mills may be directed to purchase cotton from the co-operatives provided adequate funds by way of working capital are placed at their disposal. (para 5.14).

(66) The Committee would recommend a thorough study of the cultivator-trader relationship with a view to increasing the usefulness of the co-operative structure to the farmer and thus ensuring his loyalty to the co-operative. (para 5.15).

(67) It is also necessary to impress on the leaders of the co-operative movement that the utmost care should be taken to protect the quality of the cotton offered for sale. (para 5.16).

(68) Government's restrictions on the transport of other than specified varieties of cotton between different districts need to be energetically enforced. (para 5.16).

(69) A band of honest and enthusiastic workers prepared for patient toil over years is necessary to make a success of co-operative marketing. (para 5.17).

(70) A wide disparity exists between different mills as to the extent to which they have been modernised. (para 6.1).

(71) Many units in the industry are burdened with machinery which is so old that unless it is replaced wholesale with modern machinery it is not worthwhile running the mill in the face of the present level of working costs. (para 6.2).

(72) The technological changes that are taking place in competing countries cannot be ignored if the Indian textile industry is to be an important earner of foreign exchange for the country. (para 6.3).

(73) The degree of modernisation attainable in this country will be governed not merely by the technological advances achieved in the world but also by the availability of resources for the purpose and our ability and willingness to deal with its immediate social consequences. (para 6.4).

(74) No reliable estimate of finances needed for rehabilitation and modernisation of the mills in Maharashtra at current prices is readily available. (para 6.6).

(75) The Committee has attempted to provide this on the basis of a classification of 74 out of 95 mills in Maharashtra into five groups covering a capacity of 3.93 million spindles and 67,895 looms. (para 6.6).

(76) Considering the financial position of 31 mills falling in Groups I and II and the availability of internal funds, the Committee is of the opinion that these mills will be in a position to raise the necessary funds on their own. (para 6.7).

(77) The remaining 43 mills in Groups III, IV and V will require an additional amount of Rs. 12 crores from external sources. (para 6.7).

(78) If these mills are to continue working Government will have to take the responsibility for providing (or guaranteeing) funds to the tune of Rs. 12 crores per annum for a minimum period of seven years (para 6.7).

(79) On a rough estimate based on the analysis of 74 mills, the total requirement of external finance for all the mills in the State works out to Rs. 14 crores per year for a period of seven years. (para 6.8).

(80) The responsibility of providing funds on such a scale might be shared on a 50 : 50 basis by the Government of India and the Government of Maharashtra. (para 6.9).

(81) Government should constitute a special committee to prepare a scheme for and watch over the progress of modernisation. (para 6.9).

(82) In granting (or guaranteeing) financial assistance to the mills the usual security norms will have to be relaxed. (para 6.10).

(83) A significant development in the organisation of the cotton textile industry in recent years has been the establishment of co-operative spinning mills. (para 7.1).

(84) The principal difficulty faced by the promoters of the co-operative spinning mills arises out of their inability to raise the minimum of 20 per cent of the cost of the unit in the form of share capital. (para 7.2).

(85) Out of the original eighteen co-operative mills, the first six were financed by the Maharashtra State Co-operative Bank, and four other units are expected to be financed by the Industrial Finance Corporation of India in the current year. (para 7.3).

(86) Ichalkaranji is a pioneer centre for fostering the co-operative movement in the textile industry in the State of Maharashtra (para 7.4).

(87) The Deccan Co-operative Spinning Mills at Ichalkaranji could well serve as model for other co-operative mills being established elsewhere in the State. (para 7.5).

(88) A competent senior executive should be appointed on each project from its very inception. (para 7.7).

(89) Proper working conditions should be provided in these mills primarily as a means of deriving the utmost benefit from the installation of sophisticated machinery. (para 7.8).

(90) The Board should show awareness of the capital intensive character of these mills and desist from any action which would come in the way of securing the maximum returns from their operation. (para 7.9).

(91) Inexperienced workers should be given proper training in established mills before they are allowed to handle modern machinery in a new mill. (para 7.9).

(92) Timely guidance should be made available to these mills in technical matters so as to make their working efficient as well as economical. (para 7.10).

(93) Quarterly returns indicating the technical efficiency and financial results of the working of the mills, should be scrutinised in order to enable Government to take timely action in appropriate cases. (para 7.10).

(94) A suitable machinery should be set up in the Industries and Labour Department of the State for the purpose. (para 7.10).

(95) The maximum scope should be given to the co-operative sector to develop and expand. (para 7.11).

(96) The economic efficiency of the mills will be improved on the basis of a capacity of 25,000 spindles. Until all mills licensed at present have reached this level, no additional mills should be licensed in the State. (para 7.11).

(97) Government should take steps to carry out a regular census of powerlooms in the State on a biennial basis as recommended by the Powerloom Enquiry Committee. (para 8.2).

(98) This sector deserves to be strengthened and made economically viable. (para 8.3).

(99) The existence of a thriving powerloom sector in the close proximity of co-operative spinning mills is conducive to the efficient functioning of the mills. (para 8.4).

(100) Special efforts should be made to promote the establishment of cotton powerlooms in Vidarbha and Marathwada regions. (para 8.4).

(101) Preliminary steps to instal the additional 5,000 looms allotted for the co-operative sector should be taken by the co-operative department without loss of time. (para 8.7).

(102) The working conditions of those engaged in the powerloom sector of the industry were far from satisfactory. (para 8.8).

(103) The construction of proper sheds with adequate facilities for the workers is an imperative need. (para 8.8).

(104) Only an integrated linking of the various operations, from the purchase of yarn, to the final sale of the cloth by appropriate co-operative institutions can eliminate the exploitation of the powerloom weaver by financially powerful interests. Government should launch a vigorous campaign to bring an increasing number of powerlooms within the co-operative fold. (para 8.8).

(105) A sympathetic treatment deserves to be given by the concerned authorities in the matter of the rates of excise duty as an incentive to bring powerlooms in the co-operative fold. (para 8.9).

(106) As a method of rehabilitating retrenched workers from the mill sector a scheme should be drawn up under which such workers are offered the first option to buy surplus looms against their dues so that they can set up a powerloom unit of their own, preferably in their own villages. (8.10).

(107) The co-operative department should work out the details of the scheme if there is sufficient response to it from the retrenched workers. (para 8.10).

(108) Central processing houses should be established on a co-operative basis at suitable centres where the growth of powerlooms in the surrounding area would lead to the utilisation of their full capacity. (para 8.11).

(109) The present wage structure in the cotton textile industry in Maharashtra was evolved from the standardisation award given by the Industrial Court at Bombay in 1947. (para 9.1).

(110) Though the workers' wages differ according to the nature of their occupations and work load, they receive a uniform Dear Food Allowance linked to the cost of living index which varies from month to month and centre to centre. (para 9.3).

(111) The Bombay Millowners' Association has been complaining about the high cost of wages etc. which accounts for 25-30 per cent of the total cost of production of mill cloth without full compensation in the prices of the controlled varieties. (para 9.4).

(112) The move by the Millowners' Association to reduce the rate of neutralisation of the rise in the price index to a level of 66.6 per cent was rejected by the Industrial Court in 1958. (para 9.4).

(113) Any suggestion to reduce the present wages in any form was not acceptable to organised labour. (para 9.4).

(114) A consequence of the Dear Food Allowance being at a level of 4 to 5 times the minimum wage is that it acts as a disincentive to higher productivity on the part of the worker. (para 9.6).

(115) The only way out of this anomalous situation is to merge a reasonable part of the Dear Food Allowance with the basic wage. (para 9.6).

(116) The number of workers employed per 1000 spindles up to spindle point, varies from about 3 to 12 in India, as against 1.5 to 4.5 in Japan. (para 9.7).

(117) Another important factor that has affected the productivity of the cotton mills is the heavy absenteeism among the workers. (para 9.8).

(118) The rate of absenteeism has not shown a declining trend, despite many efforts made to improve the lot of the mill worker. (para 9.8).

(119) The textile workers even in a city like Bombay still has his moorings in the village; he is not completely urbanised. (para 9.8).

(120) Steps should be taken to improve productivity by bringing about a gradual rationalisation of the working processes in accordance with a definite programme. (para 9.10).

(121) The mills should be advised to start training schemes so as to facilitate the re-deployment of workers in various departments. (para 9.10).

(122) The mills should be directed to create a gratuity fund account to which appropriate amounts for meeting the gratuity liability should be credited every year. It will also be prudent on the part of the mills to set aside a similar fund for the payment of retrenchment compensation when due. (para 9.11).

(123) It would be necessary to keep a close watch on the working of the textile industry in its different sectors with a view to taking timely remedial action in cases of technical and other deficiencies. (para 10.1).

(124) For this purpose a nucleus of an expert organisation should be set up in the Industries and Labour Department (para 10.1).

(125) Eventually this nucleus may have to be expanded into a full-fledged textile service cadre. (para 10.2).

(126) Statutory price control was introduced in October 1964 with a view to curbing the rising tendency of prices. (para 11.2).

(127) In the new control scheme there are provisions for payments of incentive to mills who produce controlled cloth in excess of their reduced statutory obligation. (para 11.3).

(128) The industry's case is that Government has not allowed an increase in the price of controlled cloth commensurate with the increase in the cost of production. (para 11.4).

(129) The present scheme would afford some relief to the mill industry as 83 per cent of the total production is in effect decontrolled. (para 11.4).

(130) The concessions in the new scheme of control do not go far enough especially in respect of mills which are technically not in a position to change over to the production of finer varieties. (para 11.5).

(131) If price control is to be continued in the interest of the consumers it should be operated on a scientific basis. (para 11.5).

(132) The industry has been pleading for a reduction in the burden of excise duties also. (para 11.6).

(133) The excise duty on cloth is an important source of revenue but the level of such taxation should not be unduly high. (para 11.7).

(134) If it is not possible to reduce the excise duties a portion of the total collection may be earmarked for being advanced to the industry for rehabilitation and modernisation. (para 11.7).

(135) The high rates of local levies such as octroi etc. also need to be reduced to the extent possible. (para 11.8).

(136) A number of mills in Vidarbha suffer from frequent load shedding. The authorities concerned should take steps to provide an un-interrupted power supply to the afflicted mills. (para 11.8).

(137) The plea of the mills to be treated as a priority industry deserves to be accepted. (para 11.9).

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STATEMENT No. 1. (Para. 2.3)

Expansion of the Textile Industry.

As on 1st January of each year	Spinning Mills		Composite Mills			Total	
	No. of mills	Spindles (Rings and Mules) installed	No. of mills	Spindles (Rings and Mules) installed	Looms installed	No. of mills (Cols. 2+4)	Spindles installed (Rings and Mules) (Cols. 3+5)
1	2	3	4	5	6	7	8
1948	88	1,566,398	268	8,502,276	192,764	356	10,068,674
1949	95	1,776,835	267	8,589,402	92,357	362	10,366,237
1950	94	859,814	268	8,694,641	91,495	362	10,554,455
1951	103	843,041	275	9,156,184	94,567	378	10,999,225
1952	107	910,848	276	9,341,595	95,983	383	11,252,443
1953	113	946,603	282	9,476,260	97,711	395	11,422,863
1954	114	997,423	286	9,553,714	201,718	400	11,651,137
1955	116	768,097	292	10,189,540	202,714	408	11,957,637
1956	121	857,440	291	10,193,769	202,901	412	12,051,209
1957	144	1,194,732	292	10,297,042	200,983	436	12,491,774
1958	175	1,556,638	295	10,497,460	201,280	470	13,054,098
1959	188	1,807,666	294	10,598,800	201,063	82	13,406,466
1960	186	2,930,738	293	10,618,798	200,272	79	13,549,536
1961	192	3,056,482	287	10,606,882	198,785	79	13,663,364
1962	196	3,188,110	285	10,645,374	199,427	181	13,833,484
1963	211	3,393,983	287	10,723,283	199,896	198	14,117,266
1964	223	3,549,962	291	11,111,175	202,747	514	14,661,137
1965	253	3,940,805	290	11,492,681	206,480	543	15,433,486
1966	283	4,362,322	292	11,756,007	208,659	571	16,118,329
1967	346*	5,011,895	285	12,073,433	208,183	631	17,085,328

Note.—Figures in columns 6 upto 1958 include tape looms.
 *Includes 45 waste spg. units with a total installed capacity of 39,207 spindles.
 Source.—Indian Textile Bulletin.
 L-A H 5291—11

STATEMENT No. 2. (Para. 2.4)
Consumption of Cotton and Production of Yarn and Cloth in India

Period:	Raw Cotton Consumption (1,000 bales)			Cotton Yarn Production (in million kgs.)	Cotton Cloth Production (in million metres)	Estimated cloth Production Handloom/Powerloom (in million metres)
	Indian	Foreign	Total			
1	2	3	4	5	6	7
1957 ..	4,695	567	5,262	807	4,862	1,811
1958 ..	4,440	524	4,964	764	4,505	1,968
1959 ..	4,639	457	5,096	781	4,504	2,075
1960 ..	4,112	985	5,097	788	4,616	2,013
1961 ..	4,516	1,046	5,562	862	4,701	2,372
1962 ..	4,638	987	5,625	860	4,560	2,412
1963 ..	5,124	710	5,834	893	4,423	2,876
1964 ..	5,599	638	6,237	965	4,654	3,066
1965 ..	5,363	749	6,112	939	4,587	3,056
1966 ..	5,301	564	5,865	901	4,239	3,097
1967 ..	5,135	664	5,799	896	4,097	3,179

Source.—Indian Textile Bulletin.

STATEMENT No. 3. (Para. 3.5)
Consolidated Balance Sheet Analysis for Textile Mills in Maharashtra for 1966-67
(Rs. in lakhs)

1. (a) Group	..	..	I	II	III	IV	V	Total
(b) No. of Mills	..		11	20	24	9	10	74
2. Capacity Spindles	..		7,99,396	11,17,440	12,89,762	1,02,936	4,21,096	39,30,630
Looms	..		11,817	18,245	23,140	5,468	9,225	67,895
Workers	..		36,251	55,485	67,431	20,108	24,867	2,04,142
3. Paid up Capital	..		992.87	1,150.21	1,159.27	399.64	362.97	4,064.96
4. Reserves (and Surplus)			1,175.03	1,594.33	1,011.07	47.45	115.80	3,943.68
5. (3)+(4) (Net Worth)	..		2,167.90	2,744.54	2,170.34	447.09	478.77	8,008.64
6. Gross Block	..		4,552.39	6,424.14	5,813.07	935.77	1,169.58	18,894.95
7. Written Down Block			1,865.26	3,031.43	2,862.69	392.64	541.17	8,693.19
8. Carry forward loss	..		12.97		212.06	162.72	511.19	898.94
9. (7)+(8)	..		1,878.23	3,031.43	3,074.75	555.36	1,052.36	9,592.13
10. (5) — (9) being internal finance available for working capital.			289.67	(—)286.89	(—) 904.41	(—) 108.27	(—) 573.59	(—) 1,583.49
11. Stock, Stock in process and stores.			1,851.39	2,884.15	2,861.31	583.87	844.08	9,024.80
12. (11) — (10) being additional working capital required by the Mills.			1,561.72	3,171.04	3,765.72	692.14	1,417.67	10,608.29
13. Represented by :—								
(i) Secured Loans	..		1,651.14	2,197.85	2,846.46	558.37	545.28	7,799.10
(ii) Unsecured Loans	..		401.95	1,289.53	845.27	162.92	450.07	3,149.74
(iii) Net trade borrowings	..		(—) 491.37	(—) 316.34	73.99	(—) 29.15	422.32	(—) 340.55
Total			1,561.72	3,171.04	3,765.72	692.14	1,417.67	10,608.29

STATEMENT No. 4—(Para, 3.6)

Consolidated Balance-Sheet Analysis for Cotton Mill Companies in Maharashtra

Group I

(Average Gross Profits to sales (adjusted)—15 per cent and above)

		(Rs. in lakhs).				
1. (a) Year	..	1956-57	1960-61	1964-65	1965-66	1966-67
(b) No. of Mills	..	10	10	11	11	11
2. Paid up Capital	..	618.92	646.59	851.01	859.36	992.87
3. Reserves and Surplus	..	682.81	860.12	1,112.93	1,178.75	1,175.03
4. (2)+(3) (Net worth)	..	1,301.73	1,506.71	1,963.94	2,038.11	2,167.90
5. Gross Block	..	1,632.16	2,554.11	3,838.19	4,253.14	4,552.39
6. Written Down Block	..	649.88	1,138.74	1,683.86	1,844.83	1,865.26
7. Carry forward loss	..	.....	.....	0.45	16.63	12.97
8. (6)+(7)	..	649.88	1,138.74	1,684.31	1,861.46	1,878.23
9. (4) — (8) being internal finance available for working capital.	..	651.85	367.97	279.63	176.65	289.67
10. Stock Stock in process and stores	..	1,056.09	1,210.01	1,743.88	1,836.30	1,851.39
11. (10) — (9) being additional working capital required by the Mills.	..	404.24	842.04	1,464.25	1,659.65	1,561.72
12. Represented by—						
(i) Secured Loans	..	424.69	544.20	1,273.40	1,715.12	1,651.14
(ii) Unsecured Loans	..	100.75	211.74	225.21	171.08	401.95
(iii) Net trade borrowings	..	(—) 121.20	86.10	(—) 34.36	(—) 226.55	(—) 491.37
	Total	404.24	842.04	1,464.25	1,659.65	1,561.72
13. Total Dividends paid		74.12	114.77	114.84	96.63	106.45
14. Percentage of Dividends to Net Worth. (Percentage of 13 to 4)		5.7	7.6	5.8	4.7	4.9
15. Interest paid		19.97	43.49	94.21	141.82	174.22

STATEMENT No. 5—(Para. 3.6)

Group II

(Average Group Profits to sales (adjusted) ÷ 10 per cent. and above but less than 15 per cent.)

(Rs. in lakhs).

1. (a) Year	1956-57	1960-61	1964-65	1965-66	1966-67
(b) No. of Mills	19	19	20	20	20
2. Paid up Capital	757.85	771.63	948.99	949.24	1,150.21
3. Reserves and Surplus	1,020.53	1,151.16	1,626.86	1,662.02	1,594.33
4. (2)+(3) (Net worth)	1,778.38	1,922.79	2,575.85	2,611.26	2,744.54
5. Gross Block	2,328.72	3,428.49	5,119.39	5,721.45	6,424.14
6. Written Down Block	981.24	550.77	2,419.25	2,713.53	3,031.43
7. Carry forward loss	....	....	....	....	....
8. (6)+(7)	981.24	550.77	2,419.25	2,713.53	3,031.43
9. (4) — (8) being internal Finance available for working capital.	797.14	372.02	156.60	(—) 102.27	(—) 286.89
10. Stock, Stock in process and stores	1,262.67	879.69	2,551.81	2,814.43	2,884.15
11. (10) — (9) being additional working capital required by the Mills.	465.53	507.67	2,395.21	2,916.70	3,171.04
12. Represented by—					
(i) Secured Loans	355.31	949.61	1,403.13	2,040.83	2,197.85
(ii) Unsecured Loans	164.47	384.80	1,104.38	1,106.46	1,289.53
(iii) Net trade borrowings	(—) 54.25	173.26	(—) 112.30	(—) 230.59	(—) 316.34
Total	465.53	1,507.67	2,395.21	2,916.70	3,171.04
13. Total Dividends paid	62.66	111.41	125.33	111.26	105.04
14. Percentage of Dividends to Net Worth (Percentage of 13 to 4)	3.5	5.8	4.9	1.3	3.9
15. Interest paid	23.13	64.90	170.12	232.70	304.13

STATEMENT No. 6 (Para. 3.6)

Group III

(Average Gross Profits to sales (adjusted) 5 per cent. and above but less than 10 per cent.)

(Rs. in lakhs)

1. (a) Year	1956-57	1960-61	1964-65	1965-66	1966-67
(b) No. of Mills	22	24	24	24	24
2. Paid-up Capital	753.36	910.12	1,083.11	1,122.45	1,159.27
3. Reserves and Surplus	816.99	685.68	940.36	1,017.59	1,011.07
4. (2)+(3) (Net worth)	1,570.35	1,595.80	2,023.48	2,140.04	2,170.34
5. Gross Block	2,241.40	3,284.11	020.80	5,416.85	5,813.07
6. Written Down Block	837.19	1,448.43	155.90	2,606.00	2,862.69
7. Carry forward loss	7.97	114.13	133.67	226.28	212.06
8. (6)+(7)	845.16	1,592.56	2,269.57	2,832.28	3,074.75
9. (4) — (8) being internal finance available for working capital.	725.19	3.24	(—) 246.09	(—) 692.24	(—) 904.41
10. Stock, stock in process and stores	1,624.14	1,680.58	2,572.96	2,595.91	2,861.31
11. (10) — (9) being additional working capital required by the mills.	898.95	1,677.34	2,819.05	3,288.15	3,765.72
12. Represented by —					
(i) Secured Loans	712.81	1,067.21	1,988.91	2,496.59	2,846.46
(ii) Unsecured Loans	241.44	583.45	157.97	758.05	845.27
(iii) Net trade borrowings	(—) 55.30	26.68	73.05	33.51	73.99
Total	898.95	1,677.34	2,819.05	3,288.15	3,765.72
13. Total Dividends paid	39.78	56.17	68.53	54.57	36.67
14. Percentage of Dividends to Net Worth. (Percentage of 13 to 4).	2.5	3.5	3.4	2.5	1.7
15. Interest paid	42.24	99.08	197.92	253.19	307.39

STATEMENT No. 7 (Para. 3.6)

Group IV

(Average Gross Profits to sales (adjusted) Less than 5 per cent.)

(Rs. in lakhs)

1. (a) Year	1956-57	1960-61	1964-65	1965-66	1966-67
(b) No. of Mills	7	8	9	9	8
2. Paid-up Capital	347.90	299.96	403.95	403.95	399.64
3. Reserves and Surplus	125.48	84.58	88.79	66.66	47.45
4. (2)+(3) (Net worth)	473.38	384.54	492.74	470.61	447.09
5. Gross Block	709.53	736.46	934.34	974.22	935.77
6. Written Down Block	434.86	322.10	411.50	421.00	392.64
7. Carry forward loss	43.70	67.36	62.14	111.39	162.72
8. (6)+(7)	478.56	389.46	473.64	532.39	555.36
9. (4) — (8) being internal finance available for working capital. (—) 5.18 (—) 4.92 (—) 19.10 (—) 61.78 (—) 108.27	(—) 5.18	(—) 4.92	(—) 19.10	(—) 61.78	(—) 108.27
10. Stock, stock in process and stores	477.41	468.65	625.76	629.15	583.87
11. (10) — (9) being additional working capital required by the mills. 482.59 473.57 506.66 590.93 692.14	482.59	473.57	506.66	590.93	692.14
12. Represented by—					
(i) Secured Loans	388.97	381.31	553.70	613.84	558.37
(ii) Unsecured Loans	95.72	76.26	143.54	161.05	162.92
(iii) Net trade borrowings	(—) 2.10	16.00	(—) 90.58	(—) 83.96	(—) 29.15
Total	482.59	473.57	606.66	690.93	692.14
13. Total Dividends paid	4.69	3.06			
14. Percentage of Dividends to Net Worth (Percentage of 13 to 4)	1.0	0.8			
15. Interest paid	13.79	18.65	41.90	57.41	59.46

STATEMENT No. 8—(Para. 3.6)

Group V

[Average Gross Profits to sales (adjusted) Gross Loss]

(Rs. in lakhs)

1. (a) Year	1956-57	1960-61	1964-65	1965-66	1966-67
(b) No. of Mills	9	10	10	10	10
2. Paid up Capital	312.97	312.97	312.97	312.97	362.97
3. Reserves and Surplus	108.17	77.75	116.77	115.46	115.80
4. (2) + (3) (Net worth)	421.14	390.72	429.74	428.43	478.77
5. Gross Block	678.54	733.77	1,047.60	1,089.50	1,169.58
6. Written Down Block	245.76	245.21	473.53	537.39	541.17
7. Carry forward loss .. ..	.....	13.66	30.45	297.39	511.19
8. (6) + (7)	245.76	258.87	503.98	834.78	1,052.36
9. (4) — (8) being internal finance available for working capital.	175.38	131.85	(—) 74.24	(—) 406.35	(—) 573.59
10. Stock, Stock in process and stores ..	549.01	656.77	883.20	822.78	844.08
11. (10)—(9) being additional working capital required by the Mills.	373.63	524.92	957.44	1,229.13	1,417.67
12. Represented by —					
(i) Secured Loans	257.11	363.83	578.69	485.99	545.28
(ii) Unsecured Loans	22.09	51.63	136.83	320.10	450.07
(iii) Net trade borrowings	94.43	109.46	241.92	423.04	422.32
Total	373.63	524.92	957.44	1,229.13	1,417.67
13. Total Dividends paid	28.38	23.53	15.62	.....	.....
14. Percentage of Dividends to Net Worth (Percentage of 13 to 4).	6.7	6.0	3.6	.....	.....
15. Interest paid	9.02	14.59	46.93	66.93	79.63

STATEMENT No. 9 (Para . 3.6)

Group I

Profit and Loss Account Analysis statement

	Rs. in lakhs					Percentages				
	1956-57	1960-61	1964-65	1965-66	1966-67	1956-57	1960-61	1964-65	1965-66	1966-67
1. Raw materials	1,362.52	1,344.56	1,716.35	1,848.11	2,042.18	43.6	36.3	33.5	34.1	33.3
2. Wages, Salaries, etc. ...	830.89	1,065.01	1,307.38	1,359.55	1,469.80	26.6	28.8	25.5	25.1	23.9
3. Stores and Spare Parts ..	283.58	382.86	589.21	671.59	727.99	9.1	10.3	11.5	12.4	11.8
4. Fuel and Power	103.98	131.32	180.96	197.06	223.67	3.3	3.5	3.5	3.6	3.6
5. Repairs and Renewals ..	37.99	37.90	61.41	63.65	67.94	1.2	1.0	1.2	1.2	1.1
6. Other Expenses	110.72	152.41	487.64	503.21	607.94	3.5	4.1	9.5	9.2	9.9
7. Total—Factory Cost (1 to 6) ..	2,729.68	3,114.06	4,342.95	4,643.17	5,139.52	87.3	84.0	84.7	85.6	83.6
8. Interest	19.97	43.49	94.21	141.82	174.22	0.6	1.2	1.8	2.6	2.8
9. Depreciation	128.18	147.12	280.19	288.57	297.16	4.1	4.0	5.4	5.3	4.8
10. Development Rebate ..	....	26.08	34.21	42.18	33.86	....	0.7	0.7	0.8	0.6
11. Managing Agents Remuneration ..	33.15	35.05	31.52	26.60	30.69	1.1	0.9	0.6	0.5	0.5
12. Taxation	73.51	139.88	177.50	162.52	259.30	2.4	3.8	3.5	3.0	4.2
13. Net Profit	141.39	201.02	167.62	121.59	216.22	4.5	5.4	3.3	2.2	3.5
14. Gross Profit (8 to 13) ..	396.20	592.64	785.25	783.28	1,011.45	12.7	16.0	15.3	14.4	16.4
15. Dividend Paid	70.92	118.37	114.84	96.63	106.45	....	....	....	....	....
16. Grand Total (7 + 14) ..	3,125.88	3,706.70	5,128.20	5,426.45	6,150.97	100.00	100.00	100.00	100.00	100.00

STATEMENT No. 10 (Para. 3.6)

Group II

	Rs. in lakhs					Percentages				
	1956-57	1960-61	1964-65	1965-66	1966-67	1956-57	1960-61	1964-65	1965-66	1966-67
1. Raw materials	1,837.76	2,158.08	3,310.56	3,328.44	3,600.50	45.7	42.4	41.5	40.4	39.2
2. Wages, Salaries, etc. . . .	1,093.63	1,395.78	2,012.55	2,144.90	2,376.82	27.2	27.4	25.3	26.0	25.8
3. Stores and Spare Parts	337.33	458.27	790.39	883.14	980.49	8.4	9.0	9.9	10.7	10.7
4. Fuel and Power	138.08	183.68	305.26	332.04	380.05	3.4	3.7	3.8	4.0	4.1
5. Repairs and Renewals	32.98	30.65	87.72	68.61	70.94	0.8	0.6	1.1	0.8	0.8
6. Other Expenses	152.69	252.84	529.70	623.40	784.26	3.8	5.0	6.7	7.6	8.5
7. Total—Factory Cost (1 to 6)	3,592.47	4,479.30	7,036.18	7,380.53	8,193.06	89.3	88.1	88.3	89.5	89.1
8. Interest	23.13	64.90	170.12	232.70	304.13	0.7	1.3	2.1	2.9	3.3
9. Depreciation	121.69	168.15	350.67	338.07	393.93	3.0	3.3	4.4	4.1	4.3
10. Development Rebate	17.29	69.00	60.62	74.11	65.91	0.4	1.4	0.8	0.9	0.7
11. Managing Agents Remuneration	34.29	28.36	27.39	18.17	18.43	0.8	0.5	0.4	0.2	0.2
12. Taxation	73.69	94.70	144.53	85.54	105.98	1.8	1.9	1.8	1.0	1.1
13. Net Profit	161.09	182.36	179.28	115.25	119.51	4.0	3.5	2.2	1.4	1.3
14. Gross Profit (8 to 13)	431.18	607.47	932.61	863.84	1,007.89	10.7	11.9	11.7	10.5	10.9
15. Dividend Paid	62.66	111.41	125.33	111.26	105.90	....	....	....	....	....
16. Grand total (7 + 14)	4,023.65	5,086.77	7,968.79	8,244.37	9,200.95	100.00	100.00	100.00	100.00	100.00

STATEMENT No. 11 (Para 3·6)

Group III

	Rs. in lakhs.					Percentages				
	1956-57	1960-61	1964-65	1965-66	1966-67	1956-57	1960-61	1964-65	1965-66	1966-67
1. Raw Materials	1,975·31	2,263·31	3,189·03	3,196·84	3,483·88	47·3	43·7	41·6	41·8	42·2
2. Wages, Salaries etc. ..	1,229·39	1,486·93	2,185·04	2,299·01	2,420·33	29·4	28·6	28·6	30·0	29·3
3. Stores and Spare Parts ..	308·74	432·24	706·61	742·93	778·98	7·4	8·3	9·2	9·7	9·4
4. Fuel and Power	142·58	189·64	306·58	324·78	350·52	3·4	3·6	4·0	4·3	4·2
5. Repairs and Renewals ..	36·53	56·34	113·36	97·10	96·53	0·9	1·1	1·5	1·2	1·2
6. Other Expenses	245·67	251·30	521·77	560·79	584·15	5·9	4·8	6·8	7·3	7·1
7. Total Factory Cost (1 to 6) ..	3,938·22	4,679·76	7,022·39	7,221·45	7,714·38	94·3	90·1	91·7	94·3	93·4
8. Interest	42·24	99·08	197·92	253·19	307·39	1·0	1·9	2·6	3·2	3·8
9. Depreciation	61·96	138·29	250·79	205·18	183·67	1·5	2·7	3·3	2·7	2·2
10. Development Rebate .. ..	.....	30·98	30·78	21·45	15·77	.....	0·6	0·4	0·3	0·2
11. Managing Agents Remuneration ..	17·17	13·13	10·03	4·17	2·18	0·4	0·2	0·1	0·1	Negligible.
12. Taxation	33·00	48·95	54·16	20·18	4·71	0·8	0·9	0·7	0·3	0·1
13. Net Profit	84·76	185·36	91·65	(—)69·68	26·24	2·0	3·6	1·2	(—)0·9 [†]	0·3
14. Gross Profit (8 to 13)	239·13	515·79	635·33	434·49	539·96	5·7	9·9	8·3	5·7	6·6
15. Dividend Paid	39·78	56·17	68·53	54·57	36·67	.....	.....	.....	.....	.....
16. Grand Total (7+14)	4,177·35	5,195·55	7,657·72	7,655·94	8,254·34	100	100	100	100	100

STATEMENT No. 12 (Para. 3·6)

Group IV

	Rs. in lakhs					Percentages				
	1956-57	1960-61	1964-65	1965-66	1966-67	1956-57	1960-61	1964-65	1965-66	1966-67
1. Raw Materials	565·61	650·65	843·33	813·45	775·55	53·4	47·8	47·6	47·3	46·4
2. Wages, Salaries etc.	288·35	369·35	522·83	544·02	540·92	27·2	27·1	29·5	31·6	32·4
3. Stores and Spare Parts	80·58	107·86	142·90	166·52	172·15	7·6	7·9	8·1	9·7	10·3
4. Fuel and Power	42·91	56·68	88·00	83·60	83·90	4·0	4·2	4·9	4·9	5·0
5. Repairs and Renewals	13·88	11·17	15·18	17·26	13·94	1·3	0·8	0·9	1·0	0·8
6. Other Expenses	26·06	38·63	69·21	74·50	58·97	2·5	2·8	3·8	4·3	5·1
7. Total Factory Cost (1 to 6)	1,017·39	1,234·34	1,681·45	1,699·35	1,672·43	96·1	90·6	94·8	98·8	100
8. Interest	13·79	18·65	41·90	57·41	59·46	1·3	1·4	2·4	3·4	3·6
9. Depreciation	18·63	35·56	34·77	26·00	13·30	1·7	2·6	1·8	1·5	0·8
10. Development Rebate .. ..	.....	8·05	2·85	1·02	0·65	.....	0·6	0·2	0·1	Negligible
11. Managing Agents Remuneration	2·50	1·60	0·97	0·76	.....	0·2	0·1	0·1	Negligible	.....
12. Taxation	2·00	0·90	2·78	0·40	.....	0·2	0·1	0·2	Negligible	.....
13. Net Profit	4·94	62·75	8·26	(—) 65·66	(—) 74·23	0·6	4·6	0·5	(—) 3·8	(—) 4·4
14. Gross Profit (8 to 13)	41·86	127·51	91·53	19·93	(—) 0·82	3·9	9·4	5·2	1·2	Negligible
15. Dividend Paid	4·69	3·06	.....	.....	.....	.....	.....	.....	.....	.....
16. Grand Total (7 + 14)	1,059·25	1,361·85	1,772·98	1,719·28	1,671·61	100	100	100	100	100

STATEMENT No. 13 (Para. 3.6)

Group V

	Rs. in lakhs.					Percentages.				
	1956-57	1960-61	1964-65	1965-66	1966-67	1956-57	1960-61	1964-65	1965-66	1966-67
1. Raw Materials	683.44	909.45	1,205.20	1060.76	1,101.01	48.6	45.8	46.4	49.5	49.5
2. Wages, Salaries etc. ..	419.65	602.04	878.96	802.53	806.98	29.8	30.4	33.8	37.4	36.8
3. Stores and Spare Parts ..	97.55	150.66	213.51	189.93	205.42	6.9	7.6	8.2	8.8	9.2
4. Fuel and Power	56.29	79.92	112.20	104.57	112.80	4.0	4.0	4.3	4.9	5.1
5. Repairs and Renewals ..	19.70	32.17	40.25	29.95	38.43	1.4	1.6	1.5	1.5	1.7
6. Other Expenses	30.61	47.01	80.84	84.71	70.25	2.2	2.4	3.1	3.9	3.2
7. Total Factory Cost (1 to 6) ..	1,307.34	1,821.25	2,530.96	2,272.45	2,334.89	92.9	91.8	97.3	106.0	105.0
8. Interest	9.02	24.59	46.93	66.93	79.63	0.6	1.2	1.8	3.1	3.6
9. Depreciation	20.06	15.00	34.69	44.42	39.17	1.4	0.8	1.4	2.1	1.8
10. Development Rebate ..	....	5.93	15.28	4.89	3.34	....	0.3	0.6	0.2	0.2
11. Managing Agents Remuneration	7.73	3.08	0.20	0.20	0.20	0.6	0.2	Negligible	Negligible	Negligible
12. Taxation	10.00	....	3.05	....	....	0.7	....	....	....	....
13. Net Profit	52.41	114.41	(-) 30.76	(-) 244.81	(-) 234.42	3.8	5.7	(-) 1.2	(-) 11.4	(-) 10.5
14. Gross Profit (8 to 13) ..	99.22	163.01	69.39	(-) 128.37	(-) 112.08	7.1	8.2	2.7	(-) 6.0	(-) 5.0
15. Dividend Paid	28.38	23.63	15.62	....	....	....	....	....	....	....
16. Grand Total (7 + 14) ..	1,406.46	1,984.26	2,600.35	2,144.08	2,222.81	100	100	100	100	100

STATEMENT No. 14 (Para 3.12)

Showing the financial position and expenses per unit of one loom, equivalent spindles and processing machinery installed for the year 1966-67

(In Rs.)

Groups	I	II	III	IV	V
1. Spindles	67.65	61.25	55.74	55.40	45.65
2. Average operatives per unit per day..	3.08	3.04	2.90	3.68	2.70
3. Paid-up capital ..	8,439	6,304	4,985	7,313	3,935
4. Reserves and surplus ..	9,988	8,738	4,348	868	1,255
5. Net worth (4+5) ..	18,427	15,043	9,332	8,182	5,190
6. Gross Block ..	38,695	35,210	24,996	17,125	12,683
7. Written Down Value ..	15,855	16,615	12,310	7,185	5,864
9. Carry forward Loss	110	....	912	2,978	5,541
10. (8+9) ..	15,965	16,615	13,222	10,163	11,408
11. (6—10) being internal Finance available for working capital.	2,462	(—)1,572	(—)3,889	(—)1,981	(—)6,218
12. Stock, stock in process and stores ..	15,737	15,808	12,304	10,685	9,150
13. (12—11) being additional working capital required by the mills.	13,275	17,380	16,193	12,666	15,368
14. Represented by:					
(i) Secured Loans ..	14,035	12,046	2,240	10,218	5,911
(ii) Unsecured loans ..	3,417	7,068	3,635	2,981	4,879
(iii) Net Trade borrowings ..	(—)4,177	(—)1,734	318	(—)533	4,578
Total (14) ..	13,275	17,380	16,193	12,666	15,368
15. Raw Materials ..	17,282	19,734	15,057	14,184	11,935
16. Wages, Salaries etc. ..	12,438	13,027	10,459	9,892	8,748
17. Stores and Spare parts ..	6,160	5,374	3,366	3,148	2,227
18. Fuel and Power ..	1,893	2,083	1,515	1,535	1,223
19. Repairs and Renewals	575	389	417	255	417
20. Other Expenses ..	5,145	4,298	2,524	1,572	762
21. Total Factory Cost (15 to 20) ..	43,493	44,906	33,338	30,586	25,310
22. Gross Profit ..	8,559	5,524	2,333	(—)15	(—)1,215
23. Grand Total (21+22) ..	52,052	50,430	35,671	30,571	24,095

STATEMENT No. 15 (Para 3.13)
The different elements of cost percentagewise (1966-67)

Groups	I	II	III	IV	V
1. Raw Materials ..	73.3	39.2	12.2	46.4	49.5
2. Wages, Salaries etc. ..	23.9	25.8	29.3	32.4	36.3
3. Stores and Spare parts ..	11.8	10.7	9.4	10.3	9.2
4. Fuel and Power ..	3.6	4.1	4.2	5.0	5.1
5. Repairs and Renewals ..	1.1	0.8	1.2	0.8	1.7
6. Others expenses ..	9.9	8.5	7.1	5.1	3.2
7. Total Factory Cost (1 to 6) ..	83.6	89.1	93.4	100.0	105.0
8. Gross profit ..	16.4	10.9	6.6	Negligible	(-) ⁵ .0
9. Grand total (7+8) ..	100	100	100	100	100

STATEMENT No. 16 (Para 4.4)
The amounts on account of Capital Investment loans and guarantees given by Government of Maharashtra to various Mills

(Rs. in lakhs)

Serial No.	Name of Mill	Capital Investment	Loan	Guarantee	Guarantee invoked	Guarantee liquidated
1	2	3	4	5	6	7
1	India United Mills Limited, Bombay	..	168.50	358.50	25.00	..
2	Model Mills Nagpur Limited, Nagpur	..	58.00	62.00	10.00	20.00
3	Pratap Spg., Wvg., and Mfg. Co., Ltd., Amalner.	..	33.61	82.00	30.00	..
4	Rai Saheb Rekchand Gopaldas Mehta Spg., and Wvg., Mills (Pvt.) Ltd., Akola.	..	11.00*	30.00	4.50	7.50
5	New Pratap Spg., and Wvg. and Mfg. Co., Ltd. Dhulia.	45.00	..	20.00	4.84	15.16
6	Rai Bahadur Bansilal Abirchand Spg., and Wvg., Mills Co., (Pvt.) Ltd., Hinganghat.	6.00	..	15.00	15.00	..
7	Vidarbha Mills Berar Ltd., Ellichpur	..	2.00	30.00	27.87	7.13
8	Digvijay Spg. and Wvg., Co., Ltd., Bombay	..	..	30.00	..	..
9	Ahmedabad Jupiter Spg., & Wvg., and Mfg. Co., Limited, Bombay.	..	..	25.00	..	..
10	Osmanshahi Mills Limited, Nanded	..	..	15.00	..	..
11	New Kaiser-I-Hind Spg., & Wvg., Company Limited, Bombay (in liquidation.)	..	..	22.50	..	..
12	Sholapur Spg., and Wvg., Co., Limited, Sholapur (in liquidation).	..	94.00†	..	..	..
13	Shri Shahu Chhatrapati Mills, Kolhapur	..	28.48	17.50	..	..
14	Narsinggirjee Mills, Sholapur (Unemployment Relief Scheme).	66.00	31.00	..	..	..

*Out of the total loan of Rs. 11 lakhs sanctioned to R. S. R.G., Mohta Mills, the mill has repaid an amount of Rs. 1 lakh.

†Sholapur Electricity Undertaking owned by the Sholapur Spg., and Wvg., Co., Ltd., Sholapur has been purchased by Government and the loan has been adjusted against the value of the undertaking. Therefore, the net loan outstanding is Rs. 68.76.

STATEMENT No. 17 (Para 5.2)

Statewise Production and Consumption of Cotton

	Production			Consumption		
	1964-65	1965-66	1966-67	1964-65	1965-66	1966-67
(In thousand bales of 180 Kgs. each.)						
Andhra Pradesh ..	133.0	82.3	157.4	159.3	158.6	160.4
Assam	6.7	6.9	6.8	12.7	12.5	12.3
Bihar	1.9	4.5	2.0	13.8	12.7	13.9
Delhi	(a)	0.2	0.2	172.2	161.3	160.2
Gujarat	1,484.5	1,409.7	1,437.9	926.7	945.7	918.5
Haryana	*	289.0	289.0	*	*	97.6
Himachal Pradesh ..	0.1	0.8	0.9	....	....	....
Jammu and Kashmir ..	1.9	1.5	1.6	2.5	0.8	N.A.
Kerala	9.9	6.9	6.5	82.1	71.2	81.4
Madhya Pradesh ..	492.4	313.8	278.9	339.4	321.3	311.3
Madras	430.4	435.1	447.0	991.6	863.9	863.3
Maharashtra	1,253.7	1,003.1	1,069.7	1,440.7	1,296.0	1,251.3
Mysore	516.8	237.6	264.7	224.0	204.7	203.9
Orissa	1.0	0.6	0.9	47.0	39.7	44.5
Punjab	1,097.4	745.0	731.0	178.8	204.0	129.4
Rajasthan	183.7	165.1	184.4	174.5	168.5	176.3
Uttar Pradesh	44.3	56.0	49.0	479.0	432.2	422.8
Tripura	5.8	3.1	2.6	....	....	....
Pondicherry	0.3	0.8	0.8	65.0	59.1	67.4
West Bengal .. ..	....	....	....	302.2	256.4	268.0
Total ..	5,663.8	4,762.0	4,931.3	5,611.6	5,208.6	5,182.5

(a) Below 50 Bales.

*Included in Punjab

N.A.—Not available.

Source.—Cotton and Textile Annual, 1967.

STATEMENT No 18 (Para. 5.3)

Prices of Certain Varieties of Cotton Grown in Maharashtra

(In Rs.)

Variety	Prices before the commencing of the marketing season.		Prices during the marketing season							Prices after the bulk of the crop passes from the cultivator to the trader			
	Ceiling Price 1966-67	Support Price 1967-68	September 1967	October 1967	November 1967	December 1967	January 1968	February 1968	March 1968	April 1968	May 1968	June 1968	July 1968
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Khandesh 197/3	.. 1260	1060	1400— 1450	1500— 1515	1550— 1650	1450— 1475	1435— 1400	1375— 1300	1280— 1300	1300	1325— 1350	1325— 1375	1375
C. P. L. 147	.. 1366	1188	1550	1600	1700— 1750	1700	1675— 1625	1600— 1525	1450	1525	1600	1550— 1625	1600— 1650
Ber. L-147	.. 1366	1188	1500	1550— 1600	1650— 1725	1675	1625— 1600	1500	1400	1475	1550	1575— 1600	1550— 1600
A. K.-235	.. 1259	1092	1450	1550	1575— 1600	1430— 1451	1425— 1400	1370	1275	1300	1300— 1325	1375	1350— 1375
Co. 2	.. 1664	1485	1875*— 2000	2000	2300— 2325	2400— 2450	2350— 2200	2125— 2000	1825	1800	1800— 1900	2000	2050

Source.—Maharashtra State Co-operative Marketing Federation.

*This price is for irrigated Laxshmi Cotton grown in Baramati which is equivalent to Co. 2.

ANNEXURE II

PRESS NOTE

COMMITTEE FOR COTTON TEXTILE INDUSTRY

Views on Problems Invited

The Government of Maharashtra has appointed a Committee under the Chairmanship of Prof. S. V. Kogekar, former Principal of Fergusson College, Poona, to make a comprehensive enquiry into the present situation of the Cotton Textile Industry in the State.

The other members of the committee are Shri S. A. Kher of Calico Mills, Ahmedabad and Shri I. B. Dutt, Industrial Adviser, Textile Commissioner's Office, Bombay. Shri A. J. R. Gonsalves, Textile Officer, Government of Maharashtra, is the Secretary of the Committee.

The Committee held its first meeting on October 25 and 26, 1967, to decide the plan of its work.

The Committee has also decided to invite views and suggestions on the different problems facing the industry from the representatives of industry, trade and labour organisations and knowledgeable members of the public. All such communications should be addressed to Shri A. J. R. Gonsalves, Textile Officer, Industries and Labour Department, Sachivalaya, Bombay-32, before the end of November 1967.

ANNEXURE III

COTTON TEXTILE COMMITTEE APPOINTED BY GOVERNMENT OF
MAHARASHTRA

Questionnaire—Part I

1. Name of the Mill
2. Installed Capacity
 - (a) Spindles
 - (b) Looms
 (As on 1st October 1967).
3. Year in which the mills commenced production.
4. Please state whether you had approached any financing agency such as the N. I. D. C., I. F. C., etc., for long term loans in the past. If so, please give brief details of Loan application—
Loan applied for, loan sanctioned or rejected.
5. Please state if you have any scheme or plan for the modernisation/rehabilitation of your mills. Details of such scheme or plan indicating the estimated expenditure separately for each of the major departments viz., Spg., Wvg./Processing, may be given. Please also give details of capital expenditure incurred by you on modernisation for the past 5 years (Year-wise).
6. Please state whether the mills are experiencing shortage of working capital, and if so, give an estimate of the additional working funds that would be required by you.
7. Please state the reasons for the uneconomic working of your mills and what steps need be taken in your view for putting its working on a sound basis (delete if not applicable).
8. Please give the production details for each of the months of July, August and September 1967 as per Part II of the Questionnaire.
9. Please give copies of the audited Balance Sheets and Profit and Loss Account for each of the last three years and also for the years 1960-61 and 1956-57.
10. How many times, if at all, has the management of your mills changed hands during the last 20 years ?
11. Any other comments or suggestions that you may desire to make regarding the working of your particular mill or for the general improvement of the textile industry.

Working Particulars (July-September 1967)

Part II

	July	August	September
1. Working Days
2. Spindles worked—			
1st Shift
2nd Shift
3rd Shift (8 hours)
Total
3. Cloth looms worked—			
1st Shift
2nd Shift
3rd Shift (8 hours)
Total
4. Average attendance per day—			
Workers
Clerks
Officers
5. Attendance—			
(a) Per 1,000 spindles (8 hours) Blow Room to spindle point.
(b) Per 100 looms (8 hours) Winding to packing.
6. Yarn produced (Kg.)
7. Cloth produced (in metres)
8. Average count spun
9. Major count groups worked
10. 20s. Conversion Average production of yarn per spindle (8 hours)
11. Average reed
12. Average picks
13. Average Spinning Efficiency
14. Average Weaving Efficiency
15. D. F. A. for 26 working days per Index

ANNEXURE IV

List of Mills, Powerloom and Handloom Centres visited by the Committee

Centre		
1. Bombay		1. The India United Mills Ltd. 2. Modern Mills Limited. 3. Shri Ram Mills Ltd.
2. Sholapur		1. The Jam Shri Ranjitsinghji Spinning and Weaving Mills Co. Ltd. 2. The Lakshmi Vishnu Cotton Mills Ltd 3. The Sholapur Sahakari Soot Girni Niyamit, Sholapur. 4. Narsinggirji Spinning and Weaving Mills. 5. Hatmag Kapad Utpadak Sahakari Sangh Limited.
3. Barsi	.. ..	1. The Lokmanva Mills Ltd. 2. The Jayashankar Barsi Limited. 3. Messrs. Rajen (Textiles) Mills Private Limited.
4. Kolhapur	.. ..	1. Shri Shahu Chhatrapati Mills. 2. The Kolhapur Zilla Shetkari Vinkari Sahakari Soot Girni Ltd., Ichalkaranji.
5. Madhavnagar	.. ....	The Madhavnagar Cotton Mills Ltd.
6. Ichalkaranji	.. ..	1. The Deccan Co-operative Spinning Mills Limited. 2. The Yeshwant Co-operative Processors Limited.
7. Nagpur	.. ..	1. Model Mills, Nagpur. 2. Central India Spinning, Weaving and Manufacturing Co. Limited. 3. Nagpur Sahakari Soot Girni Ltd.
8. Hinganghat	.. ..	R. S. R. Mohta Mills.
9. Amravati	.. ..	Amravati Growers Sahakari Spinning and Weaving Mills Limited.
10. Akola	.. ..	1. R. S. R. G. Mohta Mills, Akola. 2. Akola Sahakari Soot Girni Ltd.
11. Bhiwandi	.. ..	Federation of Cotton Powerloom Associations of Maharashtra, Bombay.
12. Badnera	.. ..	Vijay Manufacturing Private Ltd., Badnera.
13. Poona	.. ..	Raja Bahadur Motilal Poona Mills Ltd.

ANNEXURE VA

List of representatives of Industry, Trade and Labour and Individuals who appeared before the Committee for giving evidence.

Serial
No.

1. Representatives of the Indian Cotton Mills' Federation, Bombay.
2. Representatives of Mill-Owners' Association, Bombay.
3. Maharashtra Mofussil Mills Association, Nagpur.
4. Representatives of Federation of Cotton Powerloom Association of Maharashtra, Bombay.
5. Representatives of Akola Sahakari Soot Girmi Ltd., Akola.
6. Representatives of the Handloom Clothes Producers Co-operative Association Ltd., Sholapur.
7. Representatives of the Yarn Merchants Association, Sholapur.
8. Vidarbha Chamber of Commerce, Akola.
9. Amravati Cotton Merchants Association, Amravati.
10. Representatives of Rashtriya Mill Mazdoor Sangh, Bombay.
11. Representatives of the Bombay Girmi Kamgar Union (AITUC), Bombay.
12. Representatives of Rashtriya Girmi Kamgar Sangh, Sholapur.
13. Representatives of Miraj Taluka Girmi Kamgar Sangh, Madhavnagar.
14. Representatives of Kapad Kamgar Union, Kolhapur.
15. Representatives of the Shahu Mills Kamgar Sangh, Kolhapur.
16. Representatives of the Rashtriya Girmi Kamgar Sangh, Barsi.
17. Representatives of Rashtriya Girmi Kamgar Sangh, Sholapur.
18. Representatives of Siddharth Mill Kamgar Sangh, Nagpur.
19. Representatives of Rashtriya Mill Mazdoor Sangh, Nagpur and Vidarbha Workers Textile Federation.
20. Representatives of Nagpur Sahakari Soot Girmi Ltd., Nagpur.
21. Representatives of Messrs. Girmi Mazdoor Sangh, Achalpur.
22. Shri M. D. Bhat, Authorised Controller, The India United Mills Ltd., Bombay.
23. Shri A. G. Kulkarni, M.P., Chairman, Deccan Co-operative Spg. Mills Ltd., Ichalkaranji.
24. Shri N. S. Kulkarni, Managing Director, Maharashtra State Co-operative Marketing Federation.
25. Shri B. H. Mody, Deputy Manager (Cotton), Maharashtra State Co-operative Marketing Federation.
26. Shri D. D. Samant, Bombay.

ANNEXURE VI

List of Memoranda received

1. The Mill Owners' Association, Bombay.
2. President, Hindustan Chamber of Commerce, Bombay.
3. The Lakshmi-Vishnu Cotton Mills Limited, Sholapur.
4. The Textile Processors' Association (India), Bombay.
5. President, Rashtriya Girni Kamgar Sangh, Sholapur.
6. Vidarbha Rashtriya Kapad Kamgar Federation and Rashtriya Mill Mazdoor Sangh Nagpur.
7. President, Textile Workers' Sangh, Hinganghat.
8. Shri N. S. R. Murthy, Bombay.
9. Shri M. V. Kothari, Bombay.
10. Shri P. B. Khandwalla, Bombay
11. Shri S. M. Sanwal, Nanded.

ANNEXURE VII

List of Mill Companies which furnished replies to the Questionnaire

(The first 42 mills are in Bombay)

Serial No.	Name of the Mill Co.	No. of mills	Installed capacity as on 30th September 1967		No. of workers employed in all shifts per day as on 30th September 1967
			Spindles	Looms	
1	2	3	4	5	6
1	Ahmedabad Jupiter Spinnig and Weaving Mills Ltd.	2	82,292	1,374	4,257
2	Apollo Mills Ltd.	1	62,068	902	3,264
3	Bombay Dyeing & Mfg. Co. Ltd. (Spring Mills).	2	2,21,200	3,826	12,417
4	Bradbury Mills Ltd.	1	48,912	840	2,729
5	Century Spg. & Mfg. Co. Ltd.	2	1,36,352	3,042	11,576
6	Coorla Spg. & Wvg. Co. Ltd.	1	34,476	672	2,305
7	Crown Spg. & Wvg. Co. Ltd.	1	52,972	1,066	2,546
8	Dawn Mills Company Limited	1	63,128	Nil.	1,764
9	Digvijay Spg. & Wvg. Co. Ltd.	1	47,680	1,150	2,640
10	Elphinstone Spg. & Wvg. Mills Company Ltd.	2	54,296	935	2,716
11	Finlay Mills Limited	1	72,812	862	2,869
12	Gold Mohur Mills Ltd.	1	66,844	1,142	3,113
13	Hindustan Spg. & Wvg. Mills Company Ltd.	1	53,476	1,223	2,538
14	Indian Mfg. Company Ltd.	1	57,664	1,283	3,130
15	India United Mills Ltd.	5	1,62,836	6,145	14,657
16	Jam Manufacturing Co. Ltd.	1	49,784	1,082	3,389
17	Kamla Mills Limited	1	61,920	1,031	3,389
18	Khatau Makanjee Spg. & Wvg. Company Ltd.	1	1,31,080	1,494	5,265
19	Kohinoor Mills Co. Ltd.	2	1,29,504	1,960	7,906
20	Modern Mills Ltd.	2	61,296	702	2,666
21	Mukesh Textiles Ltd.	2	40,636	672	2,451
22	Morarjee Gokuldas Spg. & Wvg. Company Ltd.	2	1,52,772	2,980	7,202
23	New City of Bombay Mfg. Co. Ltd.	1	55,320	476	2,032
24	New Great Eastern Spg. & Wvg. Co.	1	51,996	962	2,818
25	Phoenix Mills Ltd.	1	89,684	1,169	4,560
26	Podar Mills Ltd.	1	45,716	930	2,165
27	Prakash Cotton Mills (P.) Ltd.	1	53,228	676	1,876
28	Raghuvanshi Mills Ltd.	1	43,776	144	1,292

ANNEXURE VII—contd.

Serial No.	Name of the Mill Co.	No. of mills	Installed capacity as on 30th September 1967		No. of workers employed in all shifts per day as on 30th September 1967	
			Spindles	Looms		
1	2	3	4	5	6	
29	Rajesh Textile Mills Ltd.	...	1	52,664	984	2,849
30	Sassoon Spg. & Wvg. Co. Ltd.	...	2	96,488	2,111	5,677
31	Shree Niwas Cotton Mills Ltd.	..	1	1,05,392	1,632	5,005
32	Shree Ram Mills Ltd.	...	1	1,22,828	1,449	4,566
33	Shree Sitaram Mills Ltd.	...	2	67,240	1,146	3,193
34	Shree Madhusudan Mills Ltd.	..	1	96,088	1,580	4,077
35	Simplex Mills Co. Ltd.	...	1	50,392	923	2,888
36	Standard Mills Co. Ltd.	...	2	99,452	2,420	5,134
37	Swadeshi Mills Co. Ltd.	...	1	91,268	2,282	5,156
38	Swan Mills Ltd.	...	1	44,580	611	2,594
39	Tata Mills Ltd.	...	1	77,992	1,873	5,136
40	Victoria Mills Ltd.	...	1	56,936	1,028	3,099
41	Western India Spg. & Mfg. Co. Ltd.	...	1	60,816	1,364	3,513
42	Edward Textiles Ltd.	...	1	49,728	932	3,000
43	Aurangabad Mills Ltd., Aurangabad	...	1	12,640	273	650
44	Vijay Mfg. Co. Ltd., Badnera	..	1	15,962	...	368
45	Central India Spg. & Wvg. & Mfg. Co. Ltd., Nagpur.	...	1	1,08,686	2,140	7,591
46	Chhaganlal Textile Mills Pvt. Ltd., Chalisgaon.	...	1	24,628	604	1,419
47	Deccan Co-operative Spg. Mills Ltd., Ichalkaranji.	...	1	37,816	Nil.	482
48	Jam Shri Ranjitsinghji spinning and weaving Mills Limited, Sholapur.	...	1	26,176	511	1,504
49	Jayshankar Mills Barsi Ltd., Barsi	...	1	15,152	Nil.	887
50	Khandesh Spg. & Wvg. Mills Ltd., Jalgaon	...	1	26,128	513	739
51	Lakshmi Vishnu Cotton Mills Ltd., Sholapur	...	1	1,08,108	2,612	7,174
52	Lokmanya Mills Ltd., Barsi	..	1	14,640	Nil.	923
53	Madhavnagar Cotton Mills Ltd., Madhavnagar.	...	1	39,300	Nil.	1,051
*54	Marathe Textile Mills Ltd., Miraj	...	1	25,899	Nil.	598
55	Narsinggirji Mfg. Co. Ltd., Sholapur	...	1	55,269	1,166	3,857
*56	New Pratap Spg. & Wvg. & Mfg. Company Ltd., Dhulia.	...	1	51,188	,034	1,736
57	Model Mills Ltd., Nagpur	...	1	49,208	988	4,040
58	Osmanshabi Mills Ltd., Nanded	...	1	40,460	902	3,702
59	Pulgaon Cotton Mills Ltd., Pulgaon	...	1	27,524	491	2,176

ANNEXURE VII—concl'd.

Serial No.	Name of the Mill Co.	No. of mills	Installed capacity as on 30th September 1967		No. of workers Employed in all shifts per day as on 30th September 1967
			Spindles	Looms	
1	2	3	4	5	6
60	Pratap Spg., Wvg. & Mfg. Co. Ltd., Amalner ..	1	31,132	620	1,996
61	R. S. R. Gopaldas Mohta Mills Ltd., Akola ..	1	21,568	464	1,309
62	R.S. R. Mohta Mills Ltd., Hinganghat ...	1	35,370	454	1,569
63	Raja Bahadur Motilal Poona Mills Ltd., Poona.	1	37,252	610	2,234
64	Rajan (Textile) Mills Pvt. Ltd., Barsi ..	1	21,486	Nil	182
65	Shri Shahu Chhatrapati Mills, Kolhapur ..	1	26,824	336	1,046
*66	Kiran Spg. Mills, Thana	1	38,120	....	1,440

*Not covered in the financial analysis.

†No reply received but included in the financial analysis on the basis of published balance-sheet.