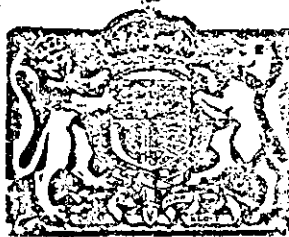


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REPORT
OF THE
**PANEL ON READYMADE
CLOTHING INDUSTRY**



GOVERNMENT OF INDIA
DEPARTMENT OF INDUSTRIES & SUPPLIES
1946

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CONTENTS.

	Paragraphs.	Pages
I. Introduction	1
II. Growth of the industry 1 to 6	4
III. Case for the establishment of the industry for peace time requirements 7 & 8	5
IV. Post-war target	9 to 11	5
V. Future location of industry	12	6
VI. Raw materials	13 & 14	6
VII. Ownership of industry	15	6
VIII. Government assistance and controls	16 to 18	6
IX. Capital goods requirements	19 to 23	7
X. Development of the industry on cottage industry basis	24	8
XI. Technical personnel	25 to 27	8
XII. Export trade	28	8
XIII. Summary of recommendations	9
XIV. Appendices (I and II)	10

INTRODUCTION.

The Government of India in the Department of Planning and Development constituted a Panel to consider and advise them regarding the possibilities of the establishment of the Readymade Clothing Industry in India. The Panel consisted of the following :—

Chairman.

Mr. S. Jajodia.

Members.

Mr. D. N. Khandke.

Sardar Bahadur Narinder Singh, MBE.

Mr. S. C. Nawn.

Secretary.

Mr. A. S. Bhatnagar, Assistant Industrial Adviser.

Mr. M. H. Mahmood acted as the Secretary of the Panel upto the 12th October 1945.

Mr. S. R. Khandke was subsequently co-opted as member of the Panel.

Mr. S. C. Nawn was unable to attend any meeting of the Panel.

II. The following general directive was issued by the Government of India to indicate the scope of the Panel and the procedure to be followed by it.

GENERAL DIRECTIVE.

It is the function of panels to make recommendations to Government regarding the development of industries, both existing and new. These recommendations should be so framed as to enable Government to prepare a detailed phased plan for the five years following the cessation of hostilities, as the first stage of a 15-year plan of industrial development for the whole country.

2. In order to assist them to formulate recommendations, panels will be supplied, as far as possible, with factual information prepared by the panel secretaries. In the case of new industries, the information will consist of a general survey of the industry and the importance of starting it in India, the availability of raw material, the power requirements, the demands of the markets and the probabilities of exports. In the case of existing industries, the information will naturally be more comprehensive ; it will indicate in addition, the location of existing units, the types of goods produced, the total production under each category and the assistance, if any, given by Government. These items are to be regarded as illustrative and not exhaustive.

Government will give each panel, as a basis, for discussion, the provisional target to be aimed at in the first five-year period and, wherever possible, of the target to be reached in 15 years.

3. The recommendations of the panels should cover the following points :—

(1) The scope and extent of development, including the type of products recommended.

(1-A) The estimated requirements of capital goods together with such details of those requirements as may be available in India and how much should be imported from abroad.

(2) Whether the industry should be under Government ownership either on grounds of national interest or because private capital is unlikely to take it up, and if so, whether it should be wholly or partly managed by Government.

(3) In the case of industries to be developed other than under State ownership, the capital required for such development, whether the whole of it is likely to be available by public investment and, if not, the extent to which Government assistance may be required.

(4) The extent to which technical advice from abroad may be necessary.

(4-A) The availability and the future requirements of technical personnel so as to obtain a clearer indication of the present shortcomings and future needs.

(5) The manner and the degree of co-operation with foreign firms considered necessary and desirable, both as regards capital and management.

(6) The location of the industry.

(7) The nature of the assistance required from Government in the form of protective duties, bounties, research grant, expert advice, etc.

(7-A) The relative incidence of the import duty on the finished goods in comparison with the duty on the raw materials from which they can be manufactured.

(8) If the industry is to be under private ownership and management, what controls, if any, should be exercised by Government ?

(9) What should be the organisation of the different units of the industry, e.g., should there be an industrial association ? Would a cartel be desirable ?

(10) The stages by which the industry should be developed.

(11) Should the industry cater for the export market ?

(12) Should the industry be developed, as in Japan, on the cottage industry basis and, if so, to what extent ?

4. Although, as stated above, the Panels may recommend the grant of protection, it will not be their function to consider broad questions of international trade and commercial policy.

5. Joint meetings of the panels should be held, wherever necessary, to secure co-ordination particularly where the processes and the products of one industry are connected with those of another.

6. Some of the panels have been drawn broadly and it may be necessary to co-opt members for dealing with specific branches of the industry. Members may be co-opted by the Chairman in consultation with the Industrial Adviser.

7. Before submitting recommendations, panels should consult Provincial Industrial Committees, particularly in the matter of location of industry. They should also, where the circumstances of the case require it, consult Industrial Committees in States or State Governments/Durbars. The recommendations should be submitted to Government through the Industrial Adviser.

III. A preliminary note containing factual information about the industry was prepared by the Secretary and was circulated amongst the members of the Panel before the first meeting.

IV. The Panel met on the following dates :—

- (a) First meeting held on the 21st August 1945 at New Delhi.
- (b) Second meeting held on the 27th September 1945 at New Delhi.
- (c) Third meeting held on 26th and 27th March 1946 at New Delhi.
- (d) Fourth meeting held on the 22nd April 1946 at New Delhi.
- (e) Fifth meeting held on the 16th May 1946 at Bombay.
- (f) Joint meeting with representatives of Provincial and State Governments and their Industries Committees held on the 13th July 1946 at New Delhi.

V. The Panel is greatly obliged to Col. Joynes of the Clothing Directorate, D.G. Supply, New Delhi and the Provincial Directors of Industries (to whom questionnaires were sent from time to time) for their willing help and valued advice.

VI. Grateful thanks of the Panel are also due to the Chairman for his able guidance at the meetings and for his keen interest in the work of the Panel.

VII. In the end the Panel wishes to place on record its warm appreciation of the valuable services rendered by the Secretary, Mr. A. S. Bhatnagar. His ability, knowledge and hard work have greatly facilitated the work of the Panel.

READY-MADE CLOTHING INDUSTRY

Growth of the industry.—Unlike some other countries where the industry on ready-made clothing is well established and run on systematic lines, the industry hardly existed in India before the war. Prior to the 1st World War, there were two permanent Army Clothing Factories at Alipore and Madras with a combined monthly output of about 40,000 garments. In order to meet the greatly increased demand for army clothing during that War about 18 more temporary factories were started, but by 1931 only one factory remained in existence namely the Shahjahanpur factory with a monthly output of some 75,000 garments.

2. At the outbreak of the present hostilities there were also two comparatively small clothing factories at Moghalpura (Lahore) and Perambur (Madras) owned by the North Western Railway and the Madras and South Mahratta Railway respectively to meet their own requirements. There were also a few firms in the larger cities producing readymade garments on machines. Some manufacturers in Calcutta, Bombay and Madras had developed an export trade in clothing with Burma, South Africa and the Far East, but generally speaking the industry did not cater largely for the civilian market and the demand for clothing the civilian population in India was met by bazar durzies.

3. The reason for the non-establishment of the ready-made clothing industry in the pre-war period is not far to seek. India is a vast continent and on account of the varying climate, customs and tastes of the different areas, there is lack of homogeneity in clothing. It was therefore difficult to make the production of clothes to specifications a commercial success. Accordingly the production of clothing for the civilian population was not considered a profitable and economic proposition so far.

4. With the outbreak of this World War, the demand for military clothing again increased considerably, and was met by the Supply department by an all-round expansion of the industry. Not only was the Shahjahanpur factory expanded, but several new factories were also established for the production of military clothing and parachutes. There were during this War nine clothing factories at Shahjahanpur, Lahore, Madras, Calcutta, Agra, Sialkot, Delhi, Secunderabad and Bombay and three parachute factories at Lahore, Sialkot and Cawnpore. Except the factory at Lahore, which is owned by the North Western Railway, the remaining are owned by the Government of India. The Shahjahanpur factory, the Railway factory at Lahore and the three parachute factories at Cawnpore, Lahore and Sialkot produce tailored articles *viz.*, uniforms of all types; the rest confine their activities to cutting only and make over out garments to contractors for fabrication. The parachute factories concentrate on the production of parachutes.

5. The total output of clothing for the year 1942-43 was about 100 million garments as against 900,000 garments which was the peace time yearly output of the Shahjahanpur factory. The number of skilled, semi-skilled, unskilled and supervisory staff employed in the above factories was over 33,000 (App. I). In addition more than 200,000 workers were employed by the contractors

throughout the country. Details regarding sizes, terms of occupation etc., of the existing Ordnance Clothing Factories are given in App. II attached to this report.

6. During the year 1942-43, the Ordnance Clothing Factories used about 300 million yards of cloth valued at about Rs. 45 crores. The total output of the factories during this period was 100 million garments valued at about Rs. 50 crores. The total labour charges and over head expenses incurred during this period were Rs. 3.66 crores and Rs. 1 crore respectively.

7. With the cessation of hostilities, there is already a considerable drop in the demand for military clothing and unless measures to switch over to peace time requirements are kept in readiness, there will be unemployment besides loss of energy and labour expended in organising the industry to its present pitch. Lakhs of skilled and semi-skilled workers mostly tailors will be thrown out of employment. It is true that some of the skilled workmen who are not retained after the war will start on their own or work for big tailoring establishments. But due to competition arising out of the immediate dislocation they will be exploited and their wages drastically reduced. Besides this, the valuable experience gained, during this period, by the industry, particularly tailors, of working on mass scale production methods will also be lost. The Panel therefore feels that the establishment of the ready-made clothing industry is essential in the post-war period.

8. It is a well established fact that at least five to ten percent saving in cloth can be affected when the cloth is cut on mass scale by modern methods. The whole world is at present experiencing an acute textile shortage. The establishment of this industry, in the opinion of the Panel, will be warmly welcomed at the present time of acute cloth shortage.

9. *Post-war target.*—The Panel recommends that during the next five year period five readymade clothing factories should be established in the country. Each factory should have a minimum production capacity of 10,800 garments per day consisting of :—

Shirts & Kurtas	3,600
Trousers	3,600
Shorts & Pyjamas	3,600
Total ..	<u>10,800</u>

It is suggested that the proposed factories [should increase their production annually by 25%.

10. The Panel is of the opinion that in the initial stages a minimum economic unit under Indian conditions will be one producing 10,800 garments per day.

11. Regarding types of products the Panel recommends that the ready-made clothing industry should in the beginning, only manufacture shirts, trousers and shorts for the urban markets and kurtas and pyjama.

for the rural population. A start may however be made by meeting the requirements of the urban markets, where the tastes of the population are to a certain extent uniform. Besides this, a well organised readymade clothing industry can capture a major portion of the requirements of uniforms from various Provincial Government Departments, Railways, Posts & Telegraphs and other Central Government Departments.

12. *Future location of the industry.*—The Panel recommends that the proposed five factories can with advantage be located at the following places :

1. Madras. 2. Bombay. 3. Calcutta. 4. Delhi. 5. Jullundur.

These places have been specially recommended because the industry already exists there and the requisite technical personnel will be readily available. Besides these are also important textile producing centres.

13. *Raw materials.* The main raw material used by the industry is cloth. It is estimated that the proposed five factories will consume on an average about 4 million yards of cloth per month. The Panel therefore strongly recommends that the Government should arrange to allocate the required quota of cloth to this industry. It is hoped that in addition to the saving of about 2.5 million yards of cloth annually, the establishment of this industry will to a certain extent help to check the present black marketing in the textile trade.

14. In order to keep a check on the distribution of the products of this industry the Panel recommends that until abnormal conditions in textile trade prevail, the distribution and allocation of the readymade garments to the different parts of the country should be controlled by the Textile Commissioner to the Government of India.

15. *Ownership of Industry.*—Generally speaking, state ownership of industries is desirable either on grounds of national interest or because private capital is not forthcoming. The clothing industry does not appear to satisfy the former condition ; nor is it likely to be confronted with lack of private capital. The Panel is therefore of the opinion that the development of the industry should be left to private enterprise. No foreign co-operation either in form of capital or management is considered necessary.

16. *Government assistance and controls.*—In order to stabilise the industry in the initial stages of its development, the Panel recommends that there should be state control over marketing and distribution of products, supply of materials, designs and specifications, prices and wages. In this connection the Panel is of the opinion that the Government should appoint a special officer with high technical qualifications and administrative experience to watch and guide the interests of the readymade clothing industry. This officer should have a small technical establishment under him, where technical problems of the industry such as designing, standardisation of products etc., are tackled. The Panel recommends that this establishment should be located in one of the centrally situated Ordnance Clothing Factories which are to be closed down. This establishment can be worked both as a model institution for meeting the requirements of uniform of the Central Government Deptts. and as a research station. This organisation should also serve to provide the industry with the

latest developments in machinery and designing, taking place in other advanced countries of the world. A small advisory committee consisting of representatives of the trade should be constituted to guide the work of this organisation. The Panel is of the opinion that the suggested manner of Government assistance will create confidence in the public mind and help in the firm establishment of this small scale but important consumer goods industry which will play a great part in the better and economical clothing of the Indian masses. The Panel feels that with Government assistance it will be possible in due course, to transfer the work of the Ordnance clothing establishments to these ready made clothing factories.

17. The Panel feels that under the present conditions, the readymade clothing industry does not need any protection and will be able to stand on its own legs. The Panel however recommends that concessional railway freights should be allowed for the transport of cloth required for the industry and the ready made garments.

18. The Panel feels that the Provincial Governments should provide all facilities such as supply of electric power at concessional rates, acquisition of land, registration of companies etc. to the prospective industrialists who wish to start this industry.

19. *Capital goods requirements* — The readymade clothing industry has undergone numerous improvements in foreign countries, particularly United States of America, during this war. The entire industry has been reorganised on systematic lines and all processes of manufacture have been completely mechanised. It is understood that in the United States of America, a shirt goes through 36 operations and a well tailored coat through 68. There are special machines for every job. Even the ironing of cuffs and collars etc., is done under special machines and by specially trained men.

20. The Panel is of the opinion that modern and up-to-date machines should be imported in India for this industry, although a start should be made with whatever equipment is available in the country. Advantage should be taken of the machines available in the Ordnance Clothing Factories which are being disposed off by the Government.

21. The Panel feels that as long as the present restrictions on dollar exchange prevail, it may not be an easy affair for the Indian industrialists to obtain supplies of modern machinery from the United States of America and therefore the Panel urges upon the Government the necessity of the immediate release of the necessary dollars required by the industry for import of capital goods.

22. The Panel strongly recommends that Government should provide all facilities to prospective buyers of ready made clothing machinery to visit U.K. and U.S.A. to select the proper machinery.

23. Calculating on the basis of prevailing quotations received by the Panel members, the Panel is of the opinion that capital goods worth about Rs. 35 lakhs will be required by the industry during the next five year period.

24. *Development of the industry on cottage industry basis.*—Regarding the development of the industry as a cottage industry, the Panel feels that the industry can only be made to pay if worked on modern mass scale production methods. It is however felt that encouragement should be given, to develop it on cottage industry scale in those areas where cheap labour and other facilities are available. It is understood that the industry around Calcutta is being profitably worked on cottage industry basis.

25. *Technical personnel.*—The need for having properly qualified technical personnel for the industry cannot be denied. At present there is an acute dearth of technicians in the country. The Panel recommends that at least twelve young Indians should be sent abroad every year by the Government for advanced technical training in the different branches of this industry during the next five year period. Mr. D. N. Khandke, a member of the Panel has, on his recent visit to the United States of America, made arrangements with the Thread and Needle School, New York, for the technical training of twelve Indian boys every year free of their tuition fees at the school. The Panel feels that the Government should take advantage of this offer.

26. A very large number of technical personnel for lower jobs such as tailors, supervisors etc., will be required by this industry. It is felt that advantage can be taken of the proposed establishment by the Government of a number of polytechnics in the country. The Panel strongly recommends that there should be separate sections in these polytechnics for the training of lower technical personnel for the readymade clothing industry.

27. The Panel feels that foreign manufacturers supplying plants in India should send their technical experts to erect and work the factories in the initial stages.

28. *Export trade.*—The Panel is of the opinion that the question of exporting readymade garments should be taken up at a later stage, when the crisis arising out of the present acute shortage of textiles is over. It is however strongly felt that in the event of India's exporting textiles during this period the Government should insist, as far as possible, on the export of ready-made garments in preference to textiles. This will not only result in an appreciable saving of cloth but will also go a long way in the firm establishment of this new industry.

SUMMARY OF RECOMMENDATIONS.

The Panel recommends that five ready-made clothing factories should be established during the next five year period. Each factory should have a minimum production capacity of 10,800 garments per day.

2. These factories can with advantage be located at the following places :—

1. Madras. 2. Bombay. 3. Calcutta. 4. Delhi. 5. Jullundur.

3. The industry should be entirely owned by private enterprise. No foreign co-operation both as regards capital and management is considered necessary.

4. A plant producing 10,800 garments per day is considered as the minimum economic unit under present conditions.

5. Regarding Government assistance and controls the Panel recommends that a special officer with high technical qualifications and administrative experience should be appointed to watch and guide the interests of the industry. There should be Government control over marketing and distribution of products, supply of materials, prices, designs and specifications and wages.

6. The industry does not need any protection under present conditions.

7. The Panel recommends that modern and up-to-date machinery should be imported. The Government should also release the necessary dollars required by the industry for the import of capital goods from the United States of America.

8. Capital goods worth about Rs. 35 lakhs will be required by the industry during the next five year period.

9. The Panel recommends that at least twelve young Indians should be sent abroad every year by the Government for higher technical training in the different branches of this industry during the next five year period. Arrangements for the training of lower technical personnel such as tailors, supervisors etc., should be made at the proposed Government polytechnics which are to be established in the industry.

S. JAJODIA.

Chairman.

NARINDER SINGH.

S. R. KHANDKE.

S. R. KHANDKE

(for D. N. KHANDKE). Members.

APPENDIX I.

STATEMENT SHOWING FIGURES OF SKILLED, SEMI-SKILLED, UNSKILLED AND SUPERVISORY STAFF EMPLOYED IN THE ORDINANCE CLOTHING AND PARACHUTE FACTORIES IN DECEMBER 1944.

Clothing Factories—

1. Skilled	8,797
2. Semi-skilled	1,843
3. Unskilled	5,810
					Total	16,450

<i>Supervisory</i>	2,214
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Parachute Factories—

1. Skilled	6,381
2. Semi-skilled	1,513
3. Unskilled	5,530
					Total	13,424

<i>Supervisory Staff</i>	1,502
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Total of Labourers	29,874
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Total of Supervisory Staff	3,816
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GRAND TOTAL	33,690
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APPENDIX II.

LIST OF ORDNANCE CLOTHING AND PARACHUTE FACTORIES AND BRIEF DETAILS OF SIZE AND TERMS OF OCCUPATION.

Shahjahanpur.

Floor space, 282,000 sq. ft. (excluding 9,000 sq. ft. occupied by the Chief Inspectorate, Clothing Factory, Stores).

Land and buildings are Government property.

Pre-war permanent structure and war extensions partly of permanent, partly of temporary construction; available for post-war occupation.

*Cawnpore.**Main factory—*

Floor space, 62,000 sq. ft.

Land and buildings are Government property.

Main building a modern industrial building of permanent construction (P.W.D. 1942) air-conditioned. Subsidiary buildings, part permanent, part temporary construction; available for post-war occupation.

K. E. M. Hall—

Floor space, 34,800 sq. ft. on two floors.

Rented from local civil authorities for Rs. 250 per month. Unlikely to be available for post-war use as a factory, as it is situated in a park and will presumably be required for other purposes.

*Sialkot Clothing Factory.**Edwards Hanger—*

Floor space, 65,366 sq. ft.

Government land and buildings—main hanger on loan from M.G.O. subsidiary buildings—perimeter wall of temporary construction erected by Supply Department. Location in the middle of the Cantonment. Possibility of post-war retention for factory purposes doubtful.

Gujrat Hanger—

Floor space, 53,250 sq. ft.

Government land and buildings on loan from M.G.O.—location in the middle of Cantonment. Possibility of post-war retention for factory purposes doubtful.

Palaise-de-dance—

Floor space, 23,269 sq. ft.

Main building rented from Messrs. Ishar Das Sahni & Bros., Sialkot at Rs. 250 per month, subject to 3 months notice.

Subsidiary buildings and perimeter wall of temporary construction erected by Supply Department.

Possibility of post-war retention for factory purposes doubtful.

Poonch House (Lahore)—

Floor space, 49,000 sq. ft.

Main building requisitioned through the Deputy Commissioner, Lahore, from the Rani of Poonch, on monthly rental of Rs. 1,050 subject to restoration to original state on vacation.

Subsidiary buildings of temporary construction erected by Supply Department.

Possibility of post-war retention for factory purposes doubtful.

Sialkot Parachute Factory.

Floor space, 171,000 sq. ft.

Main buildings of temporary construction on Cantonment land, inspection located in Ramjidas building purchased by Supply Department.

Possibility of post-war retention for factory purposes doubtful.

Lahore Parachute Factory.

Floor space, 274,000 sq. ft.

Located on N.W.R. land. Half the buildings rented from N.W.R. half erected by Supply Department. Monthly rental Rs. 2,329.

Will almost certainly not be available for post-war retention.

Madras.

Floor space, 120,000 sq. ft.

Main buildings are old Army Clothing Factory buildings rented from the Madras Government at Rs. 1,468 per month plus taxes. Additional buildings of temporary construction erected by the Supply Department.

Possibility of post-war retention for factory purposes doubtful.

The following outside buildings are also in use in Madras :—

1. *Chitra Talkies*, 20,000 sq. ft. rented through Collector at Rs. 700 per month on one month's notice.
2. *Godowns*, 35,000 sq. ft. rented from M/s. Dinrose Estate, Addison & Co. and M/s. A. M. Ghulam Ali at Rs. 1,390 per month on one month's notice.

Secunderabad.

Begumpat Palace, 33,000 sq. ft.

Placed at Government's disposal by H.E.H. the Nizam's Government for the duration of the War rent free, subject to restoration to original state on vacation.

Subsidiary buildings of temporary construction erected by Supply Department.

Bombay.

Floor space, 172,000 sq. ft. on three floors in a building rented from M/s. Modern Mills Ltd., at Rs. 3,880 per month. The lease is terminable six months after the cessation of hostilities.

Possibility of post-war retention doubtful.

The following outside building is also in use :

Arthur Road Garage, 13,660 sq. ft. rented from the Bombay Municipality at Rs. 350 per month. Possibility of post-war retention doubtful.

Agra.

Floor space, 154,000 sq. ft.

Buildings consist of three bungalows placed at disposal for the duration of the war (rent free, subject to restoration to original state on vacation) plus buildings of temporary construction in the same compound, erected by the Supply Department.

Possibility of post-war retention doubtful.

The following outside building is also in use :—

Laxmi Mills, 27,000 sq. ft. on two floors, rented from M/s. Sudeshi Bima Co., Agra at Rs. 688 per month. Possibility of post-war retention doubtful.

Delhi.

Floor area 29,565 sq. ft.

Consists of the first floor of a godown rented from the Delhi Cloth & General Mills at Rs. 1,350 per month, subject to 3 months notice.

Possibility of post-war retention doubtful.

The following outside building is also in use :—

Kashmere Gate godown, 8,000 sq. ft. rented from Rai Bahadur Madho Pers had, Delhi, at Rs. 200 per month.

Could no doubt be retained after the war, if wanted.

Calcutta:

Floor area, 160,000 sq. ft.

Partly in buildings rented from the Port Commissioners at Rs. 3,900 per month partly in temporary construction put up by the Supply Department on land rented from the Port Commissioners.

Unlikely to be available for post-war retention.