

TEXTILE COMMISSIONER'S ORGANISATION

STUDY TEAM REPORT

PART I

(COTTON, COTTON TEXTILES & TEXTILE MACHINERY MANUFACTURE)

F COMMERCIAL PUBLICITY, MINISTRY OF COMMERCE, N. DELHI

**REPORT OF THE
STUDY TEAM
ON THE
TEXTILE COMMISSIONER'S
ORGANISATION**

PART I

**COTTON, COTTON TEXTILES AND TEXTILE MACHINERY
MANUFACTURE**

**COMMERCIAL PUBLICITY,
GOVERNMENT OF INDIA, NEW DELHI**

SERVANTS OF INDIA **REPORT OF THE
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MANUFACTURE**



**DIRECTORATE OF COMMERCIAL PUBLICITY,
MINISTRY OF COMMERCE, GOVERNMENT OF INDIA, NEW DELHI**

K. K. SHAH, M.P.,
Chairman,
Study Team on the
Textile Commissioner's Organisation

New Delhi, the 30th April 1966

My dear Manubhai,

I have the honour to submit a first stage report on behalf of the study team appointed to go into the working of the Textile Commissioner's Organisation. You will recall that the study team was set up in May 1965. This first report deals essentially with the subject of cotton textiles, and covers the related subjects of cotton and textile machinery manufacture. We gave priority to these matters because the work of cotton textiles is at the core of the Textile Commissioner's task. In our second and final report we hope to cover the wool and art silk industries and also matters concerning organisation and personnel.

2. Our terms of reference were centered on the need to improve procedures. But since procedures flow out of policies, any worthwhile review must necessarily extend back to policies. And that is why a number of our recommendations relate to substantive points like industrial licensing and relaxation of controls rather than being confined to procedural issues only. I thought, I should specifically mention this point to forestall any impression being created of our having exceeded our terms of reference. The wide interpretation put by us on our work was confirmed when we were asked by the Commerce Ministry to review the various controls exercised by the Textile Commissioner in the background of a minute recorded by the late Prime Minister, Shri Lal Bahadur Shastri.

3. The field of study was a complex one, as you well know. The requirements and interests of the various sectors in the textile industry—mills, powerlooms and handlooms,—are different in many ways. The existing policy, which is the outcome of much thought and study reflected in several reports of the past, is essentially an attempt to balance the various conflicting interests through a delicate system combining controls on the one hand and incentives on the other. Any change aimed at simplification must, therefore, take the total picture into account so that the new system also reflects a balanced situation. A change at a single point without taking implications on other sides into account would obviously be a dangerous proceeding. This may sound like repeating the obvious, but I have done so in order to emphasise that our recommendations are, in a very real sense, an integrated set even though spread out into several chapters. What this means is that, for this very reason, they deserve integrated decisions. I believe that on reading the report you will agree with what I have in mind.

4. In the present context of thinking about relaxation of controls you may well find our recommendations in regard to industrial licensing and in regard to the liberalisation of regulations governing the acquisition and installation of powerlooms very relevant. But apart from this, I must report that I have been impressed by the extent of relaxation and liberalisation that we have been able to suggest through a systematic and clause by

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clause review of the various control orders operated by the Textile Commissioner. What this exercise proves, to my mind, is that even when some measure of control must continue, it is possible to reduce its rigours by a detailed study of the manner in which it is exercised. I am convinced that the sum total of what we have to say about relaxations of various kinds will provide a healthy stimulus to the textile industry at a particularly difficult time.

5. Our guiding approach was that the Textile Commissioner should progressively have less to do with controls and more with development. The mere reduction of his regulatory tasks, on the basis of our recommendations, will be a significant step towards this objective. But development requires a positive approach, and our recommendations about strengthening the technical wing of the Textile Commissioner's Organisation should be viewed in this light. I believe that much of the worth of our recommendations in regard to relaxing controls would be rendered meaningless unless relaxation were to be accompanied by a positive programme of strengthening development activities.

6. You will see from this report that we have relied heavily on the agency of administration in the states, which has hitherto not entered very much into the Textile Commissioner's work. We are convinced that there are severe limitations on what a central agency like the Textile Commissioner's Organisation can do particularly in the matter of developing small units. It is with this in mind that we have suggested effective decentralisation to the states in the sectors of powerlooms and non-licensed machinery manufacturing units.

7. It is my pleasant duty to record our sincere appreciation of the willing and expert help that we received from the head of the organisation, Shri R. Doraiswamy, and all his officers. We had the immense advantage of very able assistance from our Member-Secretary, Shri R. Parameswar.

Yours sincerely,

(Sd.) K. K. SHAH.

Shri Manubhai Shah,
Minister of Commerce,
Government of India,
New Delhi.

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CHAPTER I

INTRODUCTORY

1.1. The Study Team was appointed by the Government of India in pursuance of the recommendation made by the Santhanam Committee that it would be desirable for each Ministry/Department to undertake a review of its regulatory functions and also examine whether the manner of discharge of these functions and of the exercise of powers of control are capable of improvement. The Team was asked to examine the organisation structure, methods of work and procedures of the Office of the Textile Commissioner, particularly with a view to locating the points at which delays occur, where bottlenecks exist and where administrative failures are possible and suggest measures for improvements so that opportunities for corruption are eliminated. The Study Team was asked to submit its report within a period of three months.

COMPOSITION OF THE STUDY TEAM

1.2. The Study Team consists of the following members:—

Chairman

1. Shri K. K. Shah, M.P. 8, Rajendra Prasad Road, New Delhi.

Members

2. Shri R. Doraiswamy, Textile Commissioner, Bombay.
3. Shri P. Sabanayagam, Chief Controller of Imports & Exports, New Delhi.
4. Shri N. K. Mukarji, Joint Secretary, Department of Administrative Reforms, Ministry of Home Affairs, New Delhi.
5. Shri A. N. Biswas, Deputy Secretary, Deptt. of Administrative Reforms, Ministry of Home Affairs, New Delhi.
6. Shri R. L. Bhinge, Deputy Inspector General of Police (CBI) New Delhi.

Member/Secretary.

7. Shri R. Parameswar, Deputy Textile Commissioner, Bombay.

WORKING OF THE STUDY TEAM

1.3. The Study Team held its first meeting at Delhi on the 8th June, 1965. A sub-committee was appointed at this meeting to prepare an outline of the Study Team's general approach to the work entrusted for its study. The report of the sub-committee was considered by the Study Team at its meeting held in Bombay on the 29th June, 1965. The report brought

to focus the varied functions of the Textile Commissioner's organisation and the complex nature of the task before the Study Team and suggested a programme of work for consideration of the Team. The study team appointed to go into the working of the Import and Export Trade Control Organisation and the Directorate General of Technical Development had approached their studies by grouping the various issues and the problem areas under three broad headings, viz., "policy", "procedure" and "organisation and personnel". Considering the diverse nature of the problems dealt with in the Textile Commissioner's organisation, it was felt that it would not be possible to isolate the various issues and problem areas in the Textile Commissioner's Office separately under "policy" and "procedure" and it would be more advantageous and relevant if the studies were made with reference to the different sectors of the textile industry. Accordingly, it was decided to constitute three working groups as under:—

- (i) Cotton and cotton textiles,
- (ii) Organisation and personnel, and
- (iii) Wool and art silk.

The personnel of the working groups were:—

Cotton and cotton textiles

Chairman

Shri K. K. Shah, M.P.

Members

Shri P. Sabanayagam

Shri N. K. Mukarji

Shri J. Innocent

Shri K. R. Aravamuthan

Organisation and personnel

Chairman

Shri R. Doraiswamy

Members

Shri N. K. Mukerji

Shri R. L. Bhinge

Shri B. V. Vora

Wool and art silk

Chairman

Shri P. J. Fernandes

Members

Dr. K. I. Narasimhan

Shri R. G. Zalani

Shri D. H. Vora

Shri A. N. Biswas and Shri R. Parameswar were common to all the working groups.

1.4. A communication was received in July, 1965 from the Ministry of Commerce that the Study Team should review the various controls exercised by the Textile Commissioner in the context of a minute recorded by the late Prime Minister on 23rd April, 1965. Relevant extracts from the minute read as under:—

“I am also concerned with the problems of manpower and economy in administration. In many cases, we choose to exercise control in a manner which requires the employment of a large staff. Getting inexperienced people to perform such jobs creates its own difficulties and the cost of administration keeps on increasing at an alarming rate. Some controls may be worth giving up purely on these considerations, while many would stand in need of modification so as to become simpler and less expensive.

Corruption and even more the public impression of corruption, are often the result of ill-conceived and badly administered controls. From this angle too, some rethinking on the policy plan seems to be necessary.”

The Study Team was asked to examine which of the controls were superfluous and, as such, could be removed and which were such where simplification of operation was possible. Accordingly, we proceeded to examine the entire gamut of controls and other regulatory functions exercised by the Textile Commissioner.

1.5. It was found that the period of three months given to the Study Team to submit its report was too inadequate. The study covering as it did the whole field of the activities of the Textile Commissioner's organisation and relationship with an industry over a period exceeding 20 years was a complex and exhaustive task. There was also the fact that the member of the Study Team, including the Member-Secretary, were given this assignment in addition to their normal duties. It was, therefore, not possible for the study Team to submit its report within the stipulated period of three months and we had to request the Government for extension of time.

1.6. Another factor which has to be mentioned here is the relationship between the functions of the Textile Commissioner on the one hand and the textile industry, the textile machinery manufacturing industry, state governments, other departments of the Government of India and representatives of agriculture on the other. The Textile Commissioner has to perform a very difficult role in balancing the views of these various interests while sharing textile policies, and a study of the organisation of the Textile Commissioner necessarily involved consultations with the representatives of

these interests. The various interests were requested to send in their suggestions for effecting improvements in the organisation. The Team also met representatives of state governments, organisations of industry, trade and handlooms and eminent textile technicians (listed at Annexure 1) and was greatly benefitted by the advice given by them.

1.7. The Study Team would like to place on record its appreciation of the co-operation given to it in its work by the members of the staff that was put at its disposal by the Textile Commissioner and the Department of Administrative Reforms. We would like to mention in particular the assistance rendered to the Team by Shri A. T. Govindarajan in the tedious work of case studies which provided the necessary data in aiding the team to formulate its conclusions and recommendations. We would also like to thank Sarvashri S. Padmanabhan, H. E. J. Pant, A. P. Menon, T. K. Narain, B. K. Roy, V. Govindarajan, R. S. Mayoornathan and Viswanatha Menon of the Textile Commissioner's Office and Shri Telu Ram of the Department of Administrative Reforms for the tireless assistance they gave in the work of the team.

CHAPTER II
ORGANISATION AND FUNCTIONS OF THE TEXTILE
COMMISSIONER

HISTORICAL BACKGROUND

2.1. The outbreak of the Second World War in 1939 almost abruptly brought imports of textiles into the country to a standstill. In addition, India was called upon to supply the textile requirements of all the countries in the Near and Middle East, South and West Africa, Ceylon and Australia which were normally importing from the United Kingdom and Japan. There was also a phenomenal increase in Government's requirements of textiles for the armed forces. It was found impossible to meet this heavy demand by the usual procedures of tender purchase and it became necessary to harness the production capacity of the various units of the cotton textile industry for Defence purposes. With that object in view, a branch office of the former Directorate General of Supplies was set up in Bombay on 13th October, 1941. The branch directorate was made responsible for the planning and purchase of the entire textile requirements of the Government of India.

2.2. While the demands for war purposes continued to increase the supply position was dwindling and the result was a serious shortage in the supply of cloth to the civilian markets. When several interim and *ad hoc* control measures failed to meet the situation, the Government of India had to invoke the powers vested in them under the Defence of India Rules and an order called the Cotton cloth and Yarn (Control) Order, 1943, was promulgated in 1943. Simultaneously, the Government appointed the Textile Commissioner to administer the control order. A Control Board was also set up consisting of representatives of trade, industry, labour, etc. to advise the Government on prices, standardisation, transport, etc. The Control Board was presided over by a non-official and the Textile Commissioner functioned as a link between the Board and the Government. The control order of 1943 sought to bring out the hoarded stocks of cloth and yarn into the open and also to devise schemes to regulate the production, distribution and prices of cloth and yarn in order to ensure that the consumer obtained cloth at reasonable prices. In order that ceiling prices fixed for cloth and yarn were made more effective, it was necessary to have some control on the basic raw material, namely, cotton. Thus, ceiling prices for raw cotton were also fixed and the movement of cotton from the farm to the factories was regulated. Other ancillary measures taken included regulation of supplies of coal and fuel to the mills, control over supply and prices of mill stores, etc. Under the cloth distribution scheme, the available supplies of cloth to the civilian market were allocated to the different states based on their demands. It was the responsibility of the State Governments to ensure equitable distribution to the consumers. Similarly, the yarn produced by spinning mills and surplus yarn produced by the composite mills were pooled together and distributed amongst handlooms, powerlooms, hosiery and other miscellaneous industries through the aegis of the various

state governments. The Cotton Cloth and Yarn (Control) Order, 1943 was revised and replaced by the Cotton Cloth and Yarn (Control) Order, 1945 which retained the broad framework of the previous control order. Control on production was also introduced by the Textile Industry (Control of Production) Order, 1945 which required manufacturers to increase the production of what was known as utility cloth for catering to mass consumption. Restrictions were also placed on the number of varieties to be produced by manufacturers.

2.3 The above control measures continued until January, 1948, when Government, in pursuance of the general policy of progressive de-control of essential commodities, decided to remove controls on distribution and prices of cloth and yarn. In announcing this decision, Government made it clear that control would be re-introduced should circumstances so warrant. However some provisions of the control on production were retained to direct production of such types of varieties of cloth like dhoties and sarees as were in popular demand. The industry was asked to stamp prices on a voluntary basis as an indication to the consumer as to the price which he had to pay. This voluntary stamping of prices was also discontinued from May, 1948. The relaxation of control on cotton textiles was followed by an abnormal rise in the prices of cloth and Government decided in August, 1948 to re-introduce controls over the entire range of production, distribution and prices of cloth and yarn. The control re-imposed in August, 1948 was of a comprehensive nature covering all aspects of the industry, such as production, distribution and prices. The various control regulations were incorporated in a comprehensive order, called the Cotton Textiles (Control) Order, 1948.

2.4. The Tariff Board was requested to enquire into the cost of production of the various types of cloth and yarn and suggest a suitable method of making adjustments in ex-mill prices so as to allow for major fluctuations in the elements of cost of production. The report submitted by the Tariff Board was accepted by the Government, and prices of yarn and cloth were regulated under the formula devised. Owing to a marked improvement in the supply position of cloth since 1952, prices of cloth prevailing in the market were in many cases below the maximum prices fixed by the Government. This led to the removal of control on prices of popular varieties of cloth, like dhoties, sarees, voiles, mulls, poplins and drills. The categories of cloth under the range of de-control were subsequently extended to coatings, drills and others with a count range of 60s to 100s. By the middle of 1953, conditions improved to such an extent that Government removed the remaining controls over prices and distribution from July of that year.

2.5. In the meantime, the country embarked on a programme of planned development and with the passing of the Industries (Development and Regulation) Act, 1951, it became necessary to regulate the growth and development of the industry on planned lines. Considerations of regional development and attainment of plan targets came to assume greater emphasis. In this context, it was necessary for the Textile Commissioner's organisation to assume a new role from one of regulation to one of development. In this new role, re-arrangements of the pattern of work became imperative. Consequently, the technical and statistical wings of the organisation were strengthened. An industrial adviser was appointed to tender expert advice to the Textile Commissioner and he was also charged with the

supervision and direction of the technical work involved in administering textiles controls. Uneconomic units which closed down for one reason or another or were facing closure had to be aided both technically and financially to come back into activity. The growth of the indigenous textile machinery manufacturing industry had to be fostered under the plan. Financial and technical assessments of various units of the industry had to be undertaken on a continuing basis so as to locate maladies and suggest remedial measures and thus to sustain the industry on healthy lines. This led to the creation of a survey branch under the Textile Commissioner consisting of financial and technical wings.

2.6. The work relating to the development of wool and art silk industries which was till then dealt with in the development wing of the Ministry of Commerce & Industry was transferred to the Textile Commissioner and new branches had to be created to attend to this work. To deal with such a large industry widespread and scattered throughout the country, it was necessary to have a nucleus staff to visit and inspect the industry from time to time. As functions became more diverse, regional offices were set up at centres where units of the textile industry were concentrated, such as Ahmedabad, Coimbatore, Calcutta and Kanpur. The Textile Commissioner was also appointed chairman of the All India Handloom Board, which was set up in 1952 with the objective of developing and improving the handloom industry. To deal with problems of the handloom industry, regional offices as well as weavers service centres were also set up in many places in India.

PRESENT FUNCTIONS OF THE TEXTILE COMMISSIONER

2.7. The following are the more important functions of the Textile Commissioner:—

- (i) to recommend targets of production and to advise Government on all the major problems of the textile industry so as to serve as a development wing for the textile industry;
- (ii) to scrutinise proposals for expansion or new installation and to recommend licensing of new/additional capacities;
- (iii) to exercise control over the pattern of production and regulate the supply and distribution of textiles with a view to ensuring equitable distribution at fair prices;
- (iv) to allocate cotton to mills and to ensure sale of the commodity to the mills within the stipulated ceiling prices;
- (v) to give technical guidance and render advice to the industry in its programmes of modernisation and rehabilitation and to recommend financial assistance, where required;
- (vi) to help the industry to secure adequate supplies of raw materials and other stores at reasonable prices and to recommend applications for the import of textile machinery and spare parts required by the industry;
- (vii) to collect statistical data in respect of production, consumption, exports, imports etc. and to formulate policies;

- (viii) to formulate and administer export incentive schemes for cotton, woollen and art silk textiles including hosiery items, readymade garments and handloom fabrics;
- (ix) to regulate the growth of handlooms on modern and systematic lines in order to enable the sector to withstand competition from the organised mill sector by encouraging the adoption of efficient production techniques, quality controls and provision of marketing facilities and to provide necessary technical, financial and organisational assistance to fulfil the above aims;
- (x) to deal with proposals relating to foreign technical assistance either by way of collaboration or by provision of technical assistance; and
- (xi) to procure woollen and other textile items for the defence services.

2.8. Several other executive functions performed by the Textile Commissioner are described below. The Government of India took powers under section 3 of the Essential Commodities Act, 1955 to issue orders providing for regulating or prohibiting the production, supply and distribution of and trade and commerce in any essential commodity with a view to maintaining or increasing supplies or for securing the equitable distribution and availability of the commodity at fair prices. In the list of "essential commodities", the following were included:—

- (i) cotton and woollen textiles;
- (ii) raw cotton whether ginned or unginced and cotton seed;
- (iii) textiles made from silk;
- (iv) textiles made wholly or in part from man-made cellulosic or non-cellulosic spun fibres;
- (v) textiles made wholly or in part from man-made and non-cellulosic filament yarn;
- (vi) certain items of textile machinery as under:—
 - (1) blow room machinery;
 - (2) draw frames;
 - (3) speed frames;
 - (4) ring frames;
 - (5) winding machines;
 - (6) doubling machines;
 - (7) reeling machines;
 - (8) carding engines;
 - (9) bundling machines;
 - (10) baling machines;

- (11) side frames of powerlooms;
- (12) spare parts of powerlooms;
- (13) wool combing machinery;
- (14) woollen—
 - (a) rag washing machines;
 - (b) rag tearing machines;
 - (c) rag cutting machines;
 - (d) garnetting machines;
- (15) warp knitting machines including Raschael knitting machines worked by power;
- (16) embroidery machines, other than sewing type of embroidery machines, worked by power and used for decorating the textile fabrics with designs formed with any type of thread by the help of needles;
- (17) lace making machine worked by power and used for production of fabrics of open mesh or net formed by crossing and inter-twisting threads; and
- (18) machines worked by power and used for printing of cloth by means of engraved rollers or screens.

2.9 In exercise of the powers conferred by section 3 of the Essential Commodities Act, 1955, the Central Government issued the following orders:—

- (1) the Cotton Textiles (Control) Order, 1948;
- (2) the Cotton Textiles (Export Control) Order, 1949;
- (3) the Textiles (Production by Powerlooms) Control Order, 1956;
- (4) the Art Silk Textiles (Production and Distribution) Control Order, 1962;
- (5) the Woollen Textiles (Production and Distribution) Control Order, 1962;
- (6) the Cotton Textiles (Production by Handlooms) Control Order, 1956;
- (7) the Cotton Control Order, 1955;
- (8) the Cotton Textiles (Control of Movement) Order, 1948;
- (9) the Textile Machinery (Production and Distribution) Control Order, 1962; and
- (10) the Textile (Production by Knitting, Embroidery Lace-making and Printing Machines) Control Order, 1963.

2.10 The Central Government also issued a notification under section 3 of the Essential Commodities Act, 1955, (No. S.O. 1150 dated 30-5-1955), directing all producers of cloth and yarn to submit to the Textile Commissioner various statistical returns regarding machinery; the number of workers

employed; the number of looms and spindles and hours of work; production, purchases and deliveries of yarn; production, packing and deliveries of cloth and hosiery articles; and stocks, production, purchase, consumption and sale of cotton and cotton waste, production of art silk and staple fibre fabrics and consumption of art silk and staple fibre yarn etc.

2.11. Under the Dhoties (Additional Excise Duties) Act, 1953 which provides for levy and collection of additional excise duty on dhoties issued out of mills in excess of the quota fixed for this purpose, the Textile Commissioner is required to fix the dhoty quota of each mill.

2.12. The Textile Commissioner and other officers of the organisation hold delegated powers under section 19 of the Industries (Development and Regulation) Act 1951 to enter and inspect any premises, to order the production of any document, book, register or record in the possession of any person having the control of or employed in connection with the industrial undertaking and to examine any person having the control of or employed in connection with any industrial undertaking licensed under the Act.

2.13. In addition to being chairman of the All India Handloom Board, the Textile Commissioner is chairman of the Central Silk Board and vice-chairman of the Textiles Committee. He is also associated with a large number of committees constituted by the Central Government.

CHAPTER III

GUIDING PRINCIPLES FOLLOWED BY THE STUDY TEAM

3.1. As will be seen from the earlier chapter, the Textile Commissioner's Organisation was initially set up during the last war to harness production for war requirements and also to deal with scarcity conditions arising out of shortage of supplies in the civilian market and consequential spiralling of prices. From being an organisation to regulate control over cotton and cotton textiles, the organisation has undergone a series of changes, and today it performs a variety of functions, both regulatory and developmental. The activities which, in the early days, were confined to cotton and cotton textiles have become widespread and varied and the Textile Commissioner is now not only concerned with cotton and cotton textiles but is also responsible for the development of handloom, wool and art silk and textile machinery manufacturing industries.

3.2. We decided that the functions of the Textile Commissioner relating to cotton, cotton textiles and textile machinery manufacture should receive first priority in our examination, and accordingly initial studies centered round the branches dealing with these subjects. In this, our first stage report, we set out the results of our studies and the conclusions reached by us on the more important policies and procedures in this area. We shall, in second part of our report, deal with the wool and art silk industries and with matters of organisation and personnel.

3.3. Although the Textile Commissioner performs a large number of developmental functions, his regulatory functions extend over a wide range. In so far as cotton and cotton textiles are concerned, regulations operate in the following areas :—

- (i) control over distribution and prices of the basic raw material, Indian cotton to the Industry;
- (ii) control and distribution of imported cotton;
- (iii) licensing of capacity for production of cloth and yarn;
- (iv) installation of capacity for production of cloth and yarn;
- (v) control over purchase and sale of textile machinery;
- (vi) control over specifications of machinery which have a bearing on the production capacity;
- (vii) control over production aimed at—
 - (a) protection to the de-centralised sector, and
 - (b) maintenance of quality standards;
- (viii) control over prices of the finished products and related quality controls;
- (ix) control over markings to be made on cloth and yarn; and

- (x) packing standards for cloth and yarn for domestic sale and exports.

(see also charts at annexures 2, 3 & 4).

Recommendation

3.4. Having regard to the changing conditions in the country, we felt that the emphasis on the role of the Textile Commissioner should be more on functions related to growth and development of the industry than on those which are purely regulatory in nature. The organisation should take greater initiative in organising surveys and in planning and development activities, as it is purposeful effort in this direction that is important for healthy growth. To create a proper climate for the healthy development of the industry, it is important that there should not be too many fetters on its working. Further, today, in the highly competitive international market for textiles, if our efforts to increase exports are to be crowned with a measure of success it is desirable that the industry should not be bogged down with unnecessary and out-dated controls.

3.5. With the above background in view, we proceeded on the following considerations:—

- (i) examination of the various controls which exist today;
- (ii) stages at which controls are exercised and the extent of control;
- (iii) the objective behind each control and whether the circumstances in which the controls were initially introduced exist today;
- (iv) extent to which control measures have served the objectives for which they were introduced;
- (v) the extent to which it has been possible to enforce controls and whether there is any thing inherently defective in the existing controls which make it impossible to enforce them effectively;
- (vi) whether the removal of a control would cause any disruption either in the production pattern or the supply or durability of cloth and yarn; and
- (vii) whether the mill industry being well organised can itself be asked to take over some of the procedural functions presently performed by the Textile Commissioner.

3.6. We have, in the light of the foregoing, examined the various controls critically. We have consulted representatives of trade, industry, and leading technicians on various aspects of controls. We have also conducted a number of case studies to understand the procedures followed. Statistical data have been examined for evaluating the results of control measures.

CHAPTER IV

COTTON

4.1 Controls over trading in cotton have been in existence since 1943. They are exercised with reference to the powers vested in the Textile Commissioner under the Cotton Control Order, 1955, an order issued by the Central Government under Section 3 of the Essential Commodities Act, 1955. The purpose of an order under section 3 is to maintain or increase the supplies of any essential commodity or for securing its equitable distribution and availability at fair prices. The Cotton Control Order enables the Textile Commissioner *inter-alia*:

- (i) to fix "floor" and "ceiling" prices for different varieties of cotton;
- (ii) to give directions regarding sale of purchase of cotton including the regulation of cotton stocks with traders and manufacturers; and
- (iii) to license dealers in cotton.

4.2 This chapter is devoted to an examination of the scope of the various cotton control orders and their utility. The procedure governing the imports of cotton is also examined here. Before we deal specifically with each of the controls enumerated above, we would like to make a general observation. The system of controls on cotton and cotton textiles stems from the fact of inadequate supply of cotton. It axiomatically follows that once the supply position of cotton is improved, it may not be necessary for controls to be exercised over trading in cotton. With this object in view we have made a very broad attempt to review the progress of production of cotton in India *vis-a-vis* imports and the efforts made by Government in improving the productivity of cotton.

SECTION I

PRODUCTION OF COTTON

4.3 Although cotton has been grown in India for long, we have not yet attained self-sufficiency. Indigenous production of cotton is supplemented by imports from U.S.A., U.A.R., Sudan, Uganda and Pakistan. The following statement shows the figures of indigenous production, imports and consumption of cotton during the last five years:—

(In lakhs of bales)

Year	Indigenous production		Imports		Exports	Consumption	
	Below 1"	1" and above	Below 1-3/16"	1-3/16" and above		Indian	Foreign
1960-61	50.16	3.74	9.23	1.86	2.90	42.46	11.27
1961-62	41.12	3.88	4.92	2.90	3.20	47.09	9.79
1962-63	43.75	4.99	5.39	3.04	3.24	47.89	8.81
1963-64	49.58	5.48	3.54	2.80	2.66	54.75	6.06
1964-65	49.31	5.43	5.87	2.56	2.38	56.12	7.60

It will be seen from the above, that the consumption of cotton is progressively increasing and the consumption during the current year is estimated to be of the order of 60 lakh bales. The same trend of increasing consumption of cotton is likely to continue in view of the extra spindleage that is being installed. We expect to instal 19.35 million spindles by the end of the Fourth Five Year Plan period as against 13.66 million spindles which were in existence at the commencement of the Third. The consumption of cotton is likely to reach about 81 lakh bales by the end of the Fourth Plan, *i.e.* by the end of 1970/71. For meeting the industry's full requirements of short staple cotton and to provide substitutes for the long staple and extra long staple varieties imported from abroad, an indigenous production of 81 lakh bales by the end of the Fourth Five Year Plan period is necessary.

4.4 The production of cotton in India at the time of partition of the country in 1947 was about 22 lakh bales when the acreage was around 10 million. Since 1947, there has been a steady increase in the acreage under cotton and a somewhat marginal increase in the yield per acre of cotton. The total acreage now under cotton cultivation is about 20 million acres and the average yield per acre is about 112 lbs.

4.5. The area under cultivation, the target fixed for production, the actual production and the yield per acre in each of the Indian cotton years are given below:—

(In lakhs bales)

Year	Acreage in million	Targets of pro- duction	Actual produc- tion	Yield per acre in lbs.
1950-51	14.556	..	29.71	78
1951-52	16.198	32.29	31.33	76
1952-53	15.693	34.81	31.31	80
1953-54	17.182	37.29	39.65	90
1954-55	18.684	39.79	42.27	89
1955-56	19.978	42.29	40.01	78
1956-57	19.893	50.55	47.35	93
1957-58	19.996	54.04	47.39	93
1958-59	19.926	57.29	46.86	93
1959-60	19.252	61.11	36.78	78
1960-61	18.971	54.00	53.90	111
1961-62	18.710	54.26	45.00	94
1962-63	19.701	57.80	53.74	109
1963-64	19.637	61.84	55.06	110
1964-65	20.490	66.38	54.74	112

(Provisional)

4.6. For the purpose of a comparative assessment the production of cotton and the yield per acre in some of the major cotton producing countries for the year 1964-65 are given below:—

Country	Acreage under (in '000)	Yield per acre (in lbs.)
U.S.A.	14,057	517
China	11,000	239
U.S.S.R.	6,081	652
Brazil	6,000	167
Pakistan	3,659	229
Uganda	2,150	81
Mexico	1,938	591
Turkey	1,680	427
U.A.R.	1,672	665
Sudan	1,108	302
Syria	708	547
Peru	642	458
India	20,490	112

(Provisional)

It will be noticed that as against the yield of 665 lbs. per acre in U.A.R. and 652 lbs. in U.S.S.R., India produced only 112 lbs. per acre. The problem today, therefore, is not a question of extending the area under cultivation of cotton but one of intensifying production in the existing acreage. Even if the yield per acre were to go up by about 30 to 40 per cent, we would have attained self-sufficiency by the end of the Fourth Plan period.

4.7. We have not been able to obtain details of expenditure incurred by the Central and state governments in the cotton development schemes in the various States. However details of expenditure in respect of three cotton growing States, namely, Mysore, Maharashtra and Madras have been obtained. Mysore, Maharashtra and Madras have 2.590, 6.559 and 1.036 million acres respectively under cotton cultivation. The amount expended by these three States in the development of cotton is as under:—

(in lakhs of rupees)

Year	Mysore	Maharashtra	Madras
1962-63	3.86	4.39	12.91
1963-64	6.57	17.87	17.59
1964-65	8.21	43.22	22.10

Projecting the above on a national basis, the expenditure on cotton development may not be more than Rs. 2 crores per annum in all the states put together. This, however, does not include amounts sanctioned by way of

loans and advances. Against this, it has to be viewed that we have been importing cotton to the tune of about Rs. 60 crores per annum, including the value of cotton imported under P.L. 480 programme during the last five years.

4.8 The Study Team has had in this connection discussions with the representatives of the Indian Cotton Mills Federation, representatives of growers and traders and officers of the Agriculture Departments of the major cotton growing states in the country. Our visit to the Federation's cotton development farms at Coimbatore was a valuable experience. Our visit to the experimental farms has convinced us that given the proper lead, technical know-how and resources, the cotton grower is not at all averse to the adoption of new methods. The present cotton promotion activities of the Indian Cotton Mills' Federation cover an area of 16,844 acres as given below:—

Name of the state	Area under cotton development scheme
Punjab	4063 acres
Rajasthan	1181 „
Gujarat	2000 „
Maharashtra	4000 „
Mysore	2000 „
Andhra Pradesh	600 „
Madras	3000 „

The Federation incurred an expenditure of Rs. 11.72 lakhs on the above schemes.

Recommendation

4.9. We feel that it is possible to increase the per acre yield of cotton even in areas not under irrigation by increased input of fertilisers, pesticides and insecticides and by adoption of modern agricultural practices. It has been stated that an increase in yield upto 50 per cent on an average has been made possible in the demonstration farms of the Indian Cotton Mills' Federation at a cost of about Rs. 60 to Rs. 70 per acre. If these claims are to be universally applied throughout the country, it may, in arithmetical terms, mean an outlay of Rs. 120 to Rs. 140 crores per year. But if a programme of intensive farming is launched on a national scale, the expenditure would not be proportionately high. Viewed in the context of our expending approximately Rs. 60 crores per annum on the import of cotton, there is need to step up assistance to the farmers on a substantial scale with a view to increasing the productivity of our own cotton. We would recommend that increased assistance of various kinds should be such as to make a sizeable impact on the production of cotton.

4.10 In case the above results are achieved, we may expect that the production of cotton stapling above 1" would increase from 5.0 to 7.5 lakh bales and it would be possible to save the foreign exchange currently expended on the import of cotton below 1—3/16" completely. The extra

long staple cotton of 1—3/16" and above, whose production indigenously is expected to be not more than 80,000 bales may, however, be allowed to be imported. This is also desirable from the point of view of continuing established trade with the U.A.R. and other African countries.

Recommendation

4.11. It is not suggested that the wherewithal for the increased input should be found wholly by the Central and state governments. The farmers should be enabled to finance a considerable part of the increased expenditure through loans and advances to them and to farmers' co-operatives. These may be redeemed at the time of sale of the produce.

Recommendation

4.12. We would recommend that the leading millowners' associations in the country should in their own interest emulate the Federation's efforts and take up selected pockets in their respective regions for intensive cultivation of cotton. In view of their organisational ability, their active participation in the production of the basic raw material would, in our opinion, undoubtedly yield results, as has been eloquently proved in the demonstration farms of the Indian Cotton Mills' Federation. The Textile Commissioner should take the initiative in putting the proposition to millowners' association.

Recommendation

4.13. It was represented to us that more foreign exchange should be released for automatic spraying equipment which are in extremely short supply. We recommend this to the Government. The Director General of Technical Development should also address himself to the problem of increasing the manufacture of indigenous automatic spraying equipment.

4.14. The Study Team received a representation that, in the context of Government's efforts to increase the yield per acre of cotton, the move to abolish the Indian Central Cotton Committee would be ill advised. The decision to abolish the committees has already been taken by Government. We have not evaluated the work of the Indian Central Cotton Committee which by itself would require a separate study.

4.15. While the progress made in improving the yield of Indian cotton may be inadequate, it is still something to note that the yield has gone up from 73 lbs. in 1950/51 to an average of 110 lbs. in the recent past. There has also been an increase in the production of cotton of longer staple during the last few years, to mention a few, Digvijay, 170-C, 0.2, L.147, Cambodia A and B. A good part of the credit for these achievements, we have been informed, belongs to the Indian Central Cotton Committee. In a memorandum addressed by a delegation of the members of the Indian Central Cotton Committee to the Ministry for Food & Agriculture, it has been represented that "if the country were to achieve its cherished aim of becoming self-sufficient in respect of cotton in the near future, excluding perhaps a small portion of the extra long staple cotton, all the above items

of work would need concerted attention. It is doubtful whether such co-ordination and guidance as is necessary for this work can be ensured by any body other than the Indian Central Cotton Committee which alone can bring to bear an integrated approach in view of its composite character. Further, the Indian Cotton Textile Industry has been changing fast to adjust itself to the changing tastes of the people with the rising standard of living. It is, therefore, necessary that the grower should be given proper advice in time as to what types of cotton he should grow to meet the requirements of the mills. This function is being eminently discharged by this Committee by virtue of its constitution. If such functions were to form a part of a larger body like the Indian Council of Agricultural Research as now proposed by the Government of India, which embraces many interests and many crops, not only will the inherent advantages of the present set-up be lost but it is also apprehended that no practical results might be forthcoming, if the past experience of integrated projects like the PIRRCO were any indication"

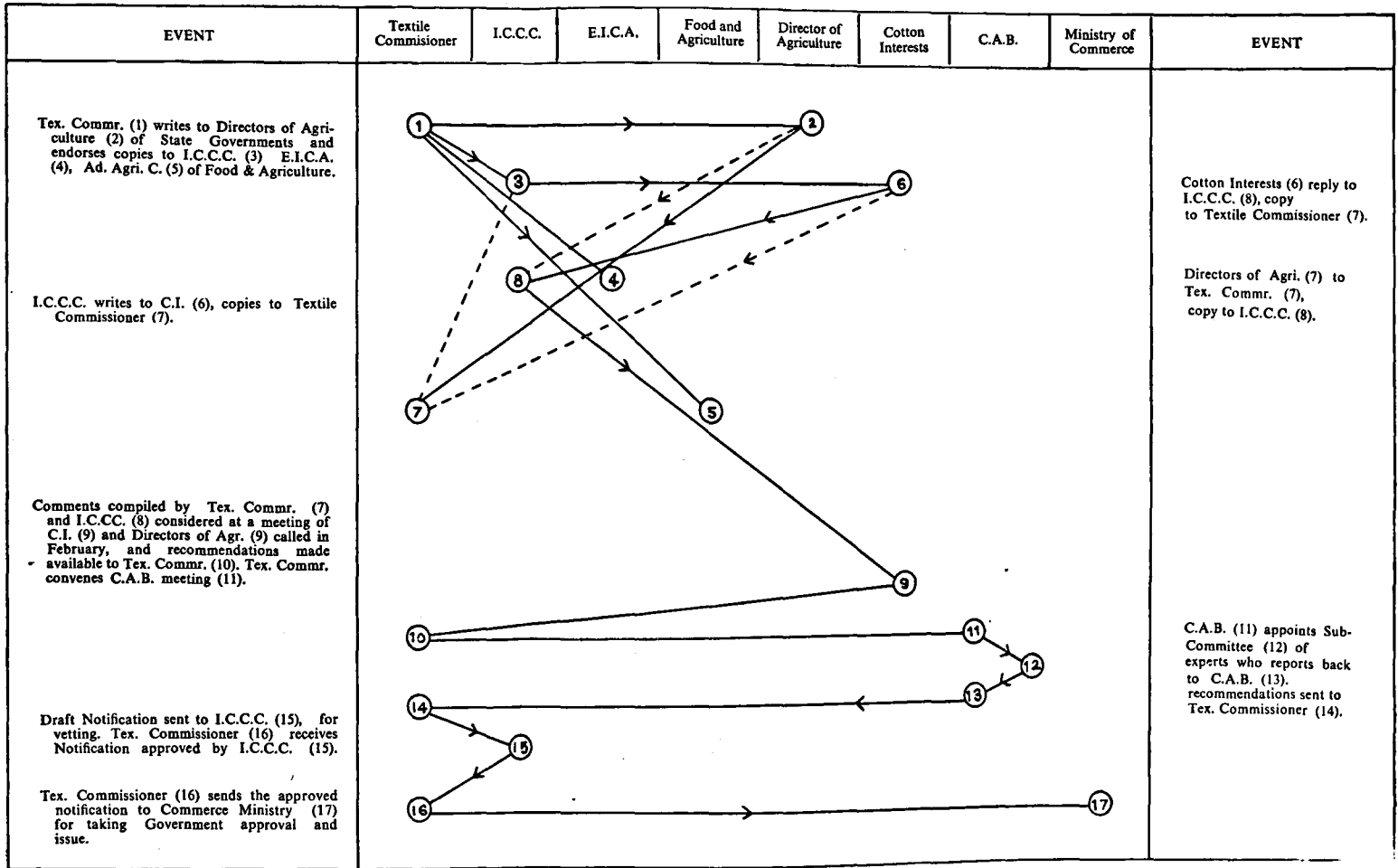
Recommendation

4.16. In the context of our recommendation to intensify cotton cultivation, the above representation gains further weight. Considering the uniquely important position which cotton and the cotton textile industry occupy in the nation's economy, we recommend that there should be a suitable agency or body to look after the work that the Indian Central Cotton Committee was supposed to do. It is imperative that the winding up of the Committee should not leave a vacuum. The agency or body to replace the Committee should be charged with the responsibility of reviewing policies and achievements in the realm of cotton development and generally of assisting in the putting through of a really significant production programme.

Recommendation

4.17. The Ministry of Food & Agriculture along with the state Governments carries the responsibility for increasing the production of cotton. While the Textile Commissioner is responsible for feeding the cotton mill industry with this raw material, he has no role to perform in the cotton development programme. The only means which the Textile Commissioner has in the promotion of cotton cultivation is the price policy which he has been made responsible to formulate. Although the price policy is a potent instrument in promoting cotton cultivation, it has to be supplemented by positive measures like the ones which we have discussed already. In Government's efforts to intensify cotton cultivation to achieve the Fourth Plan target, we recommend that the Textile Commissioner should have to play a more positive role. Just as the Textile Commissioner and the Ministry of Commerce have a system of consulting the Agriculture Ministry on price policy, there should be a system of reverse consultation with the Textile Commissioner by the Ministry of Food & Agriculture in regard to cotton development programmes. The active participation of the Textile Commissioner in these programmes would provide a channel and a stimulus for the industry to be yoked in a practical and purposeful manner to the business of helping cotton growers to increase their productivity.

FLOW CHART SHOWING PROCESS INVOLVED IN FIXATION OF COTTON PRICES -BOMBAY



SECTION II

COTTON PRICE POLICY

4.18 Prices of raw cotton have been subject to control since the 1943/44 cotton season. Under section 3 of the Essential Commodities Act, 1955, the Government of India issued the Cotton Control Order, 1955 which *inter alia* provides for the fixation of maximum and minimum prices of cotton from year to year. The three principles governing the Government of India's cotton policy are :—

- (i) to ensure a fair and adequate return to the growers;
- (ii) to assist in the maximisation of cotton production; and
- (iii) to make available cotton to the textile industry at reasonable prices having regard to the interests of consumers.

4.19 Before the commencement of the cotton season (which is from September 1st to August 31st of the following year) "floor" and "ceiling" prices are fixed by the Government of India for the basic variety (which hitherto was Jarilla and from the current year is Virnar) and other varieties of Indian cotton, together with "on" and "off" allowances for staple and class. The price schedule cover 26 items which represent all the varieties of cotton grown in different tracts of the country.

4.20 Various cotton interests including Government departments and trade and industry are consulted in the formulation of cotton price policy. Work connected with formulating the policy normally begins in March/April every year. A chart indicating the steps involved in the consultation with various interests is given in plate 1. The proposals are then placed before the Cotton Advisory Board. This consists of 24 members, five being representatives of the trade, five of the industry, seven of growers and seven are from the Government. The Indian Central Cotton Committee is also represented on the Board.

4.21 The following factors are taken into account in determining the price of the basic variety of cotton : —

- (i) the ruling market prices (spot prices);
- (ii) relative movement of prices of cotton during the course of the preceding year in relation to food articles and other agricultural commodities.

In earlier years the objective of making Indian cotton textiles competitive in foreign markets was also a factor which was taken into account. But with the present scheme of export assistance, this factor does not now go into the price policy.

4.22 Floor and ceiling prices of cotton are fixed variety-wise annually. The floor price is an assurance to the farmer that if prices tend to fall below the support level, Government would step in and buy his cotton at the support price. The ceiling price is to ensure that the industry gets the raw material at a reasonable price in order that cloth may be available to the consumer at a fair price. (Raw cotton constitutes about 55 per cent of the cost of production of cloth. Every 5 per cent increase in the cost of cloth increases the cost of living by half per cent.)

4.23 Once the price policy of the basic variety is fixed then the differential between this variety and each of the other varieties of cotton is determined. In fixing these differentials, the following factors are taken into account:—

- (i) market trends during the previous year;
- (ii) improved strains evolved during the course of the previous year as borne out by laboratory tests and actual spinning performance; and
- (iii) incentive to farmers to grow better varieties of cotton.

The price schedule as formulated by the Textile Commissioner is sent to the Ministry of Commerce, which consult the Ministry of Food and Agriculture, the Ministry of Finance, the Planning Commission and the Committee of Economic Secretaries. A chart indicating the various stages involved in the finalisation of the price schedule after it is received in the Ministry of Commerce is given at plate 2.

4.24 The floor and ceiling prices of cotton together with maximum and minimum spot prices since 1943/44 are given in the following statement:—

(Price in rupees per candy of 784 lbs)

Season	Basic staple length (inch)	Control prices		Spot prices	
		Basic floors	Basic ceilings	Minimum	Maximum
1943-44	3/4"	400	550	400	488
1944-45	"	350	550	395	459
1945-46	"	350	30	350	482
1946-47	"	430	530	416	456
1947-48	"	430	530	430	773
1948-49	25/32	495	620	510	620
1949-50	"	495	620	620	620
1950-51	"	495	770	Hedge trading not permitted.	
1951-52	"	495	820	Hedge trading not permitted.	
1952-53	"	550	820	631	746
1953-54	"	550	820	656	820
1954-55	"	495	820+20	569	725
1955-56	13/16	495+20	820	760	835
1956-57	25/32	495	820	701	820
1957-58	"	495	820	667	758
1958-59	"	495	820	670	764
1959-60	"	495	820	820	820
1960-61	"	495	820	747	820
1961-62	"	600	820	765	820
1962-63	"	602	947	858	947
1963-64	"	702	947	819	947
1964-65	"	702	947	947	947

4.25 It will be noticed from the above that between 1948/49 and 1960/61, the floor price remained at Rs. 495/- per candy of 784 lbs. except for the years 1952/53 and 1953/54 when it was raised to Rs. 550/-. The ceiling price remained constant for a period of well over 10 years from 1951-52 to 1961-62. Since then both the ceilings and floors have been revised twice in 1962-63 and 1965-66. It is seen that spot prices have been well above the basic floors with the result that Government did not have any occasion to enter the market to purchase cotton. During the last decade market prices have generally ruled around the ceilings in respect of most of the varieties. It has not been possible to get details regarding the quantities of cotton sold above the ceilings. The representatives of trade and industry who met us told us categorically that in many cases prices were ruling above the ceilings.

Recommendation

4.26 As a body appointed with the objective of streamlining administrative procedure, we had perforce to take note of the representation that it has not been possible for the Textile Commissioner to enforce ceilings. In a situation where trading takes place above the ceiling, it has to be noted that the increased prices do not benefit the agriculturists but the middlemen. We considered whether in the circumstances it would not be appropriate to do away with the ceilings. The Indian Central Cotton Committee recommended removal of ceiling prices in 1962. The Agricultural Prices Commission, which recently went into this question, also suggested doing away with the ceiling. We would also have made a similar recommendation if the position was that there were no statutory controls on production and prices of cloth. If the Government is to assure the consumer adequate supplies of popular varieties of cloth at reasonable prices, it has necessarily to ensure that prices of cotton, which constitute approximately 55 per cent of the cost of cloth, are kept within bounds. The production of cotton being below the requirement, there will always be an upward tendency in the price of cotton with consequential repercussions on the prices of fabrics. In the circumstances, we see the need for continuation of ceilings so long as controls over production and prices of mill-made cloth continue.

Recommendation

4.27 What is more important to the grower is the assurance of a realistic support price and the creation of an agency which would buy cotton at this price. This is necessary to serve two of the basic objectives of Government's price policy, namely the ensuring of a fair return to the grower and the maximisation of cotton production. We have earlier examined the progress made in the production of Indian cotton and have suggested certain measures for increasing productivity. The behaviour of cotton prices has also been analysed earlier in the section. As already pointed out, the ceiling prices of cotton remained constant for a period of well over 10 years (1951-52 to 1961-62) during which the prices of other elements which go into the cost of cloth showed a steady increase. It is possible to argue that had the ceilings been periodically revised, the production of cotton might have shown a larger increase. We have already stated that the floor prices today have only an academic meaning as prices of cotton have invariably ruled around the ceilings. There was, therefore, no question of creation of an agency to purchase cotton at those floor

prices. In fact, during the current cotton season 1965-66 when prices of certain varieties of cotton tended to fall precipitously below the ceilings, and in one or two cases nearly reached the floor levels, Government asked the State Trading Corporation to step into the market and buy Bengal, Deshi Virnar, Jarillas, Buri and other medium and short staple cottons at 10 percent below the ceilings wherever the prices tended to fall below such levels. Thus, it has come to be realised that the present floor prices do not provide adequate incentive to the farmer. We, therefore, recommend that realistic support prices be fixed for all varieties of cotton and that these be announced well in advance of the cotton season in order that growers may have an assurance of their not having to sell their cotton at distress prices. We consider that this would be the most effective inducement to the grower to intensify his efforts for the cultivation of cotton.

Recommendation

4.28. One aspect of the price policy which came in for criticism from representatives of agriculture whom we had occasion to meet in the various states was that the participation of agriculturists in the fixation of price policy was not adequate. This criticism prima facie does not appear to be correct, as even on the Cotton Advisory Board the number of representatives of agriculturists is seven as against five of the industry. We nevertheless recommended to Government to consider the following measures:—

- (a) increasing the number of representatives of agriculture in the Cotton Advisory Board; and
- (b) appointing regional advisory boards in some of the major cotton growing States.

The regional advisory boards should consist mostly of representatives of agriculturists, officials of trading co-operatives, representatives of the millowners association in the area and representatives of the concerned State governments. The Cotton Adviser in the Textile Commissioner's Office should be an ex-officio member of each board. The function which we envisage for these boards is to advise the Textile Commissioner on:—

- (1) price policy;
- (2) implementation of the price policy;
- (3) measures for improving the productivity of cotton.

The boards should meet at least once or twice a year. The views of these boards on price policy should be made available to the Cotton Advisory Board before it meets for fixation of cotton prices.

SECTION III

LICENSING OF COTTON DEALERS

4.29 A system of licensing in cotton trade has been introduced as part of the cotton control mechanism. There are three classes of licences. An 'A' class licence is valid throughout India, while a 'B' class licence is valid only in the State in which it is issued. 'C' class licences are issued for hand

ginning of cotton. 'A' class licences are issued by the Textile Commissioner for a cotton season (September to August) and have to be renewed within a period of 60 days after the expiry of the cotton season in respect of which they are granted. Similarly, 'B' and 'C' class licences are issued by the nominated authorities in the State Governments. The licence fee for an initial 'A' class licence is Rs. 125/- and Rs. 100/- for renewal. For a 'B' class licence, the licence fee is Rs. 30/- with Rs. 25/- for renewal. For 'C' class licences the licence fee is Re. 1/- with the same amount for renewal. The grant of a licence casts certain duties and responsibilities on the licensee as indicated in the licence (form of the licence) given as appendix 1.

4.30 There are 1116 'A' class licence holders borne on the register of the Textile Commissioner as on 28th February 1966. An analysis of the existing licences revealed that most of the licences are renewed licences and have been valid for more than 10 years. The number of licences issued during the years 1962-63 to 1965-66 are given below, indicating also the number of renewals and the number of new licences issued:—

Year	Number of licences		Total
	Renewals	New Licences	
1962-63	1102	62	1164
1963-64	1102	103	1205
1964-65	1056	85	1141
1965-66 (as on 28-2-66)	1051	65	1116

An examination of the procedure relating to the issue of licences has revealed that there is hardly any scrutiny to be exercised in the process of such issue. The scrutiny of an application is limited to seeing whether the required fee has been remitted or not and whether an Income-tax Verification certificate is enclosed, and in the case of renewals it has to be ascertained whether the licensee has complied with all the directions issued by the Textile Commissioner from time to time. We understand that a similar procedure is followed by State Governments in so far as renewal of 'B' class licences is concerned. 'C' class licences are issued at district level.

Recommendation

4.31 Considering the limited scrutiny bestowed on applications for licences, and considering also that all requests for renewal of licences are allowed as a matter of course, we suggest that the system of renewal of both 'A' and 'B' class licences be done away with. We also recommend that the system of issuing 'C' class licences be dispensed with altogether, as hand-ginners who cater to a very limited market should not be subject to the rigours of licensing. The licence fee in respect of 'A' class licences may be fixed at Rs. 500/- and 'B' class licence at Rs. 100/-. We are

suggesting an enhancement of the licence fee for both classes of licences in view of the fact that licences will not now be required to be renewed from year to year. The revised system of issuing permanent licences may be commenced from the cotton season 1966/67, and the system notified to the public sometime in June. Suitable amendments to the Control Order may be made in this regard.

Recommendation

4.32 In view of the revised system now proposed, it will be necessary to maintain a permanent register of licences with a definite number allotted to licensee. Every new licensee may be given a new number in a sequential order and whenever a licence is revoked, the revoked number should not be allotted to any new applicant. The implementation of the above procedure would call for a minimum amount of alertness in the Cotton Branch to keep a watch over the compliance, by the licensees, with various regulations and directions.

SECTION IV

ALLOCATION OF INDIAN COTTON

4.33 The need for allocation of Indian cotton by the Textile Commissioner to mills would not arise in a year of adequate supply of cotton. During years when the production of cotton is inadequate, the Textile Commissioner needs to allocate cotton having regard to the supply position and the requirements of individual mills. This is necessary in order to ensure that the available cotton is distributed to mill equitably.

4.34 The procedure followed is to issue a press note at the beginning of the year indicating the quantity which mills may buy: the actual quantity is not worked out by the Textile Commissioner but a general direction is given regarding the extent to which mills may purchase cotton. Such directions are issued with reference to the consumption of Indian cotton by mills in the previous year. Generally no variety-wise restrictions are imposed. Latterly, with a view to ensuring that good long staple varieties of Indian Cotton like Cambodia 'A' and 'B' and ISC 67 are purchased and consumed by mills, a condition is also imposed making it obligatory on the part of mills to purchase such varieties upto a specified limit. The press note issued in July/August is followed by a letter addressed individually to mills intimating *inter-alia* the consumption of Indian cotton by the mills during the previous year as recorded in the books of the Textile Commissioner. We have no recommendations regarding the working of the system in regard to allocation of basic quotas to the mills.

4.35 In addition to the basic allocation of Indian cotton, the Textile Commissioner has also to deal with requests from mills for additional quantities of cotton, the need for which arises on account of increase in

exports or for meeting defence requirements and so on. The procedure followed in dealing with these applications for additional quota during 1963-64 and 1964-65 was studied with reference to about 100 files of the Cotton Branch (representing roughly 20 per cent of the files on the

subject of allocation of Indian cotton). An analysis of the reasons for which additional quantities were asked for is given below :—

	1963-64	1964-65
(i) increase in spindleage	7	32
(ii) increase in efficiency	3	1
(iii) working for Defence efforts/exports	5	1
(iv) increase in production of coarse counts	2	1
(v) low level of carry-over stock of particular varieties	2	3
(vi) increase in number of shifts	1	7
(vii) installation of additional looms	4	2
(viii) closure, power-cut, etc. during previous year		1

Some of the mills adduced more than one reason while asking for additional quota.

Back references

4.36 Case studies were made of applications where the Textile Commissioner had to write back to the mills asking for supplementary information to enable him to take a decision on the question of allocation of additional quotas. The study showed the following results :—

	1963-64	1964-65
(i) Number of mills who applied for additional quota in the samples taken	20	39
(ii) Out of (i) above, number of cases in which information in the application was complete enabling a decision without any back reference action	15	11
(iii) Number of cases in which additional information was asked for	5	28

In every case where the Textile Commissioner had to ask for supplementary information, such data was called for through an already standardised form of communication. The points on which additional information was called for were :—

- (i) installed capacity of spindles, as on 31st August preceding and 31st January of the current cotton year;
- (ii) average count spun;
- (iii) average number of spindles actually worked per shift per month on Indian cotton during the previous cotton season;

- (iv) average number of spindles actually worked per shift per month on Indian cotton from the beginning of the current cotton season viz., 1st September, for five months, that is, upto 31st January of the current cotton year, and corresponding month-wise figures of consumption of Indian cotton during the said period;
- (v) stocks of Indian cotton, as on the 1st day of the cotton season of the current year, viz., 1st September, and as on date of application; and
- (vi) varieties of Indian cotton, and the quantity of each such variety proposed to be purchased against the additional quota asked for.

Recommendation

That back references seeking information on the above stereotyped points contribute to delay, is brought out by the fact that two out of five such cases in 1963-64 took more than 60 days, and 5 out of 28 such cases during 1964-65 took over a month, four of them having been held up for 90 days and beyond. Such back references can be avoided if mills are made aware of the nature of information required by the Cotton Branch in dealing with their requests for additional cotton. What is required is a specific form of application for applying for additional quota. An application form has been drawn up for adoption and may be seen at Annexure 5.

SECTION V

PROCEDURE IN REGARD TO ALLOCATION OF IMPORTED COTTON

4.37 As the production of cotton in the country is not adequate to meet the growing requirements of the cotton textile industry, cotton is imported from the U.S.A., the U.A.R., Sudan, Uganda, etc. The bulk of the cotton imported from the U.S.A. is under the P.L. 480 programme and the rest under barter. From the current year onwards, in view of the tight foreign exchange position, import of cotton (other than P.L. 480) is with reference to the provisions made for such import under bilateral trade agreements.

4.38 As an incentive to mills exporting cotton textiles, a procedure has been adopted for allotting quotas for import of cotton, machinery, dyes and chemicals in certain agreed percentages of the f.o.b. value of the cloth exported by the mills. Part of the cotton earned by the mills has to be surrendered notionally to the Indian Cotton Mills' Federation against which cash compensation is given. The rest of the cotton is retained by the mills. The cotton so retained is named 'retention quota'. The surrender of cotton to the Federation is only notional; in other words, the Federation does not get any cotton allotments as a result of these surrenders. The surrendered cotton gets indistinguishably merged with the total quantity available for allotment to actual users. Mills can sell their retention quotas at a price which the market can bear. With a view to encouraging mills to export cloth and earn their requirements of foreign cotton, it has been provided that the first charge on the cotton imported must be the earnings' exporting mills. Entitlements of cotton against exports are worked out by the Indian Cotton Mills' Federation in terms of value. The actual quantity of cotton is then determined on each occasion of release with particular reference to the entitlements earned during the preceding period. The quantity of cotton

left over, after allocation to retention quota holders, is allocated to actual users. Care is taken to reserve a certain quantity of imported cotton for allocation to mills which have to execute orders against Defence requirements, to 'new' mills and to co-operatives. Until the year 1963, the requirements of retention quota holders were met entirely out of imports from countries of their choice, but then it was decided that 25 percent of their requirements should be met out of P.L. 480 imports.

4.39. The Textile Commissioner allocated imported cotton to both actual users and retention quota holders. In this Section we have dealt with the procedure regarding such allocation. In so far as imports of cotton under P.L. 480 are concerned, the Textile Commissioner has to perform certain accounting functions. The procedure for maintenance of P. L. 480 accounts has been examined separately.

4.40 The steps involved in the allocation of foreign cotton are briefly enumerated. The Textile Commissioner consults the Indian Cotton Mills' Federation regarding the selection of a basic year (whenever the basic year is required to be changed) for allocation to mills belonging to the category of 'actual users' and also about the quantum of cotton that should be reserved for allocation to retention quota holders. As already stated the Indian Cotton Mills' Federation works out the entitlements to mills on their exports of cotton textiles. After setting off the cotton required by retention quota holders and making provision for Defence requirements, the balance quantity is allotted to actual user mills with reference to their consumption of foreign cotton or production of yarn of certain counts, as the case may be. It may be pointed out here that the quantity of cotton available for allocation is much less than the quantity consumed by the mills during the base year. Hence, the allocation to individual mills is only a proportion of what was consumed by the mills in the base year. Each mill is given a percentage of its consumption of foreign cotton or production of yarn, in respect of each of the categories of cotton, i.e., 1-1/16" and above but below 1-3/16", and 1-3/16" and above. The actual quantity to be given to each mill is worked out and individual quota letters are issued from the Textile Commissioner's Office.

Recommendation

4.41 In view of the stereotyped nature of the procedure adopted in making allocations to individual mills, we did not consider it necessary to study more than 15 allocation files. Having regard to the number of instalments in which import of cotton under P.L. 480 is authorised and the several releases of global cotton as per inter-Governmental trade agreements, the above procedure has necessarily to be followed in the Cotton Branch several times during a year. In order to avoid frequent issue of quota letters, the following revised procedure is recommended:—

- (i) after a basic year for the allocation of cotton has been determined, the quantity of cotton used by each mill during that year should be intimated by the Textile Commissioner to the Indian Cotton Mills' Federation in the form of an authorisation card (see annexure 6).
- (ii) as and when cotton becomes available for release, the Federation should be advised of the percentage of cotton vis-a-vis consumption in the basic year that should be released to individual mills.

4.42. During our discussions with officers of the Cotton Branch, it was stated that while a card system on the lines visualised by the Study Team would be a very useful reference, it may still be necessary to continue the system of allocation letters for the following reasons:—

- (i) the Ministry has advised the Textile Commissioner that no trade notice should be issued in regard to periodical imports of cotton;
- (ii) the conditions of barter vary from one agreement to another;
- (iii) *ad hoc* allocations need to be made for additional spindleage which comes up after the basic year and also for meeting the requirements of cooperative mills which cater to the hand-loom industry;
- (iv) frequent surrenders of quota letters take place which necessitate re-allocation.

4.43. As already stated, imports of foreign cotton other than under PL-480 might hereafter be only under bi-lateral trade agreements. This will increase the number of occasions on which individual allocations will have to be made and hence the grounds for introduction of a card system gain further weight. As conditions of barter agreements vary, it is understood that trade notices would have to be issued hereafter.

4.44. Under the present system if a quota allocated to a mill is not used by it, it has to be reallocated to another mill. In the Process, considerable time is taken. Under the card system which we envisage, there will be no need to wait to find out whether a mill has used a quota or not, as it would have been indicated in the trade notice that the formalities connected with import should be completed by a stipulated date, failing which the mill would be ineligible for the quota. Under the revised system, the Indian Cotton Mills Federation will be in a position to intimate to the Textile Commissioner the quantity of cotton actually applied for by various mills, which will enable the Textile Commissioner to make further allocations of the residual quantity, if any, left over.

Recommendation

4.45 In so far as allocations to meet the *ad hoc* requirements of cooperative spinning mills, etc. are concerned, it is necessary that such allocations should be made by quota letters. The quantities allocated for such requirements are small and it may not be necessary to issue more than 50 quota letters at any time. The quantities of cotton allocated during the years 1963-64, 1964-65 and 1965-66 were 5258, 8865 and 3083 bales respectively.

4.46 Thus, it will be seen that the introduction of the card system will secure the following advantages:—

- (i) avoidance of issue of quota letters to actual user mills as many times as there are cotton releases,
- (ii) automatic procedure for the cancellation and re-allocation of the surrendered cotton to other mills,
- (iii) cumulative accounting of allocations of foreign cotton in the same card,
- (iv) elimination of clerical work in the office of the Textile Commissioner.

Recommendation

4.47 The introduction of the Indian Cotton Mills' Federation in the picture is nothing new. The Federation is the agency which collects the premium and the licence for the import of cotton is given by the Joint Chief Controller of Imports and Exports only on the production by the mill of the premium receipt issued by the Federation. The Federation should issue a letter along with the premium receipt, indicating the actual quantity of cotton that may be released to the mill, with a copy direct to the Joint Chief Controller of Imports and Exports. This procedure will eliminate the frequent issue of quota letters by the Office of the Textile Commissioner.

4.48 The certificates to be issued by the Indian Cotton Mills' Federation should be serially numbered and a weekly statement of such certificates issued to the mills should be sent to the Joint Chief Controller of Imports and Exports, Bombay, and the Textile Commissioner. In addition to the above, in order to provide a basic record showing the total allocations made to a mill under different categories of allocations, the Federation may be asked to make suitable entries in the allocation card, of all the allocations made to the mills, i.e. (a) retention quotas, (b) special quotas for executing defence orders, and (c) quotas given for supply of yarn to handloom. Any adjustments that may be necessary should be duly recorded in the card. The cards may be periodically inspected by the Office of the Textile Commissioner.

Allocation of Retention Quotas

Recommendation

4.49 As per the present procedure, retention quota letters in the case of global cotton are initially prepared by the Cotton Branch and issued from the Entitlement Section of the Export Promotion Branch. The quota letters of basic consumers are issued by the Cotton Branch. The allocation letters in respect of retention quotas for P.L. 480 are, however, issued by the Cotton Branch direct in view of the accounting procedure involved. The retention quota letters are issued to the mills directly on the basis of figures received from the Indian Cotton Mills' Federation without further scrutiny. As the Joint Chief Controller of Imports & Exports issues licences with respect to machinery, dyes, etc. direct on the recommendations of the Federation, i.e. without waiting for further intimation from the Textile Commissioner, the allocation of cotton also against retention quotas may be done by the Indian Cotton Mills' Federation. As a measure of safeguard, a statement of such allocations made may be sent to the Textile Commissioner's Office.

Inter-mill Transactions in Foreign Cotton

4.50 Mills which are allocated cotton against retention quotas are allowed to use such cotton themselves or sell it at a premium depending on market conditions. In the case of cotton allocated under actual user category, mills are prohibited from selling it in the market. Such cotton if not required by the mills is to be surrendered to the Textile Commissioner.

Recommendation

4.51 As per the present procedure, when mills want to transfer their retention quotas to other mills, formal permission has to be obtained from the Textile Commissioner. Case studies showed that during the period April, 1964 to September, 1965 as many as 156 mills sold their retention quotas. The number of transactions involved in these transfers was about 1700. It has to be mentioned that each of these 1700 transactions meant a separate application made to the Textile Commissioner, forwarding to him of the relevant quota letter, return of the same with permission from the Textile Commissioner stamped thereon, etc. Although, there is not much delay in dealing with such transfer requests, we consider the whole work redundant and deserving of being discontinued. It may be mentioned that transfers of entitlements of dyes and chemicals are allowed without the parties having to obtain formal permission of the Textile Commissioner. We recommend the same practice for adoption in regard to transfers of retention quotas.

Re-sale Retention Quota Purchased by One Mill from Another Mill

4.52 There were nine instances which came to our notice where parties, who purchased retention quotas of imported cotton on the basis of permission granted, applied for permission to re-sell to a third party. With a view to curbing any tendency for speculation in prices, these requests were turned down. This was the correct thing to do. We consider that resale of all such cotton should be prohibited by public notice so that there is no question of individual parties applying for permission to resell.

SECTION VI

ACCOUNTING OF IMPORT OF PL 480 COTTON

4.53 In so far as imports of cotton under PL. 480 are concerned, the Textile Commissioner has to perform certain accounting functions. There is a special procedure in view of the arrangement regarding payment of the value of the cotton imported to U.S. exporters in dollars by the Commodity Credit Corporation of the United States and the remittance of equivalent value in rupees in the counterpart funds in the U.S. Embassy in India.

4.54. The present system of accounting is briefly described below.

(a) *Issue of Purchase Authorisation*

The United States Department of Agriculture issues to the Government of India a purchase authorisation under PL.480-I Agreement after negotiations have been made in this regard on each occasion. The quality of the cotton, the quantity in American bales, value, contracting period and shipping period are, *inter alia*, specified in the authorisation. The Textile Commissioner is designated as the "authorised applicant" for authorising opening of letters of credit in U.S. banks in respect of each authorisation.

(b) *Issue of Quota Letters by Textile Commissioner*

On receipt of the purchase authorisation, quota letters are issued by the Office of the Textile Commissioner to actual user mills and to retention quota holders. On receipt of the quota letters, mills are required to intimate, within a specified period, whether they would like to import the cotton given to them as 'basic consumers'. The cotton surrendered by mills is pooled and re-allocated as supplementary quota to basic consumers.

(c) By the Mills

Such of the mills as import the cotton make applications to the Indian Cotton Mills' Federation, giving undertakings supported by guarantees that the cotton would be imported by them within the shipping period stipulated in the purchase authorisation. This provision was introduced latterly in view of the growing number of mills which defaulted in importing cotton within the stipulated date. Premium is also paid by the basic consumers to the Federation for the Export Promotion Fund of the Federation.

Thereafter, mills apply to the Joint Chief Controller of Imports and Exports for issue of a licence accompanied by (i) receipt issued by the Federation for the premium paid, and (ii) bank guarantee executed in favour of the President of India that within the specified period after the receipt of the documents, the rupee equivalent of the cotton imported would be deposited in the U.S. Disbursement Account maintained by the Reserve Bank of India.

(d) By the Joint Chief Controller of Imports and Exports

The Joint Chief Controller of Imports and Exports then issues a licence, otherwise called "sub-authorisation" showing the quantity (in bales) and value (in dollars) of the cotton to be imported. Copies of these sub-authorisations are endorsed in favour of the Textile Commissioner together with the bank guarantee executed in favour of the President.

(e) By Indian Banks

The banker of the allottee makes an application to the Textile Commissioner for opening a letter of credit with the authorised bank in the United States. On receipt of this application, the Textile Commissioner issues a cable to the U.S. bank authorising the opening of the letter of credit.

(f) By U.S. Bankers

The authorised bank in the United States is required to intimate details about the disbursements made to the United States exporters against such authorisations. As and when disbursements are made, shipping documents are sent to the importer's bank in India. Within 15 days of the receipt of these documents, the importer's bank in India credits the rupee equivalent of the invoice price in the United States Disbursement Account in the Reserve Bank of India.

(g) Accounting Work in the Cotton Branch

Two registers are maintained in the Cotton Branch to record the various transactions. One is a running register which shows the loan authorisation as and when issued together with value and other particulars. The second register shows most of the particulars posted in the first register and, in addition, serves the purpose of watching the actual remittances of rupees in the U.S. Disbursement Account with reference to the advices received from the Reserve Bank of India and for effecting recovery of cable charges.

Applications for releases of bank guarantee are then made by mills to the Textile Commissioner who, after verifying that the necessary rupee

amount has been paid into the U.S. Disbursement Account, discharges the guarantee. To facilitate a ready appreciation of the various operations involved, a flow chart of the procedure has been prepared (plate 3).

Complexities Attendant on the Existing System

4.55 A great deal of procedural work has been thrown on the Textile Commissioner's office for the sake of ensuring that the rupee equivalent of the amount paid in U.S. dollars to U.S. banks against letters of commitment issued by the Commodity Credit Corporation are remitted in the U.S. Disbursement Account in India.

Case studies revealed that there was a large number of surrenders of cotton allocated under P.L. 480 authorisations. The number of rejections against the last two purchase authorisations was 66 and 151 as against the issue of 244 and 377 quota letters respectively. Even after the re-allocation of such surrendered cotton, the Textile Commissioner cannot be sure that the re-allotted quantity of cotton would be lifted within the shipping period specified in the purchase authorisation. To safeguard the import of such cotton within the shipping period, it has now been provided that, importing mills should furnish a guarantee to the Federation. Further, the Indian Cotton Mills' Federation has also agreed that any quantity of cotton which is not imported by the mills would be imported by the Federation direct.

Recommendation

4.56 We have considered, against the above background, whether the entire import under P.L. 480 cannot be channelised through a central agency like the Indian Cotton Mills' Federation. The advantages resulting from such a move would be—

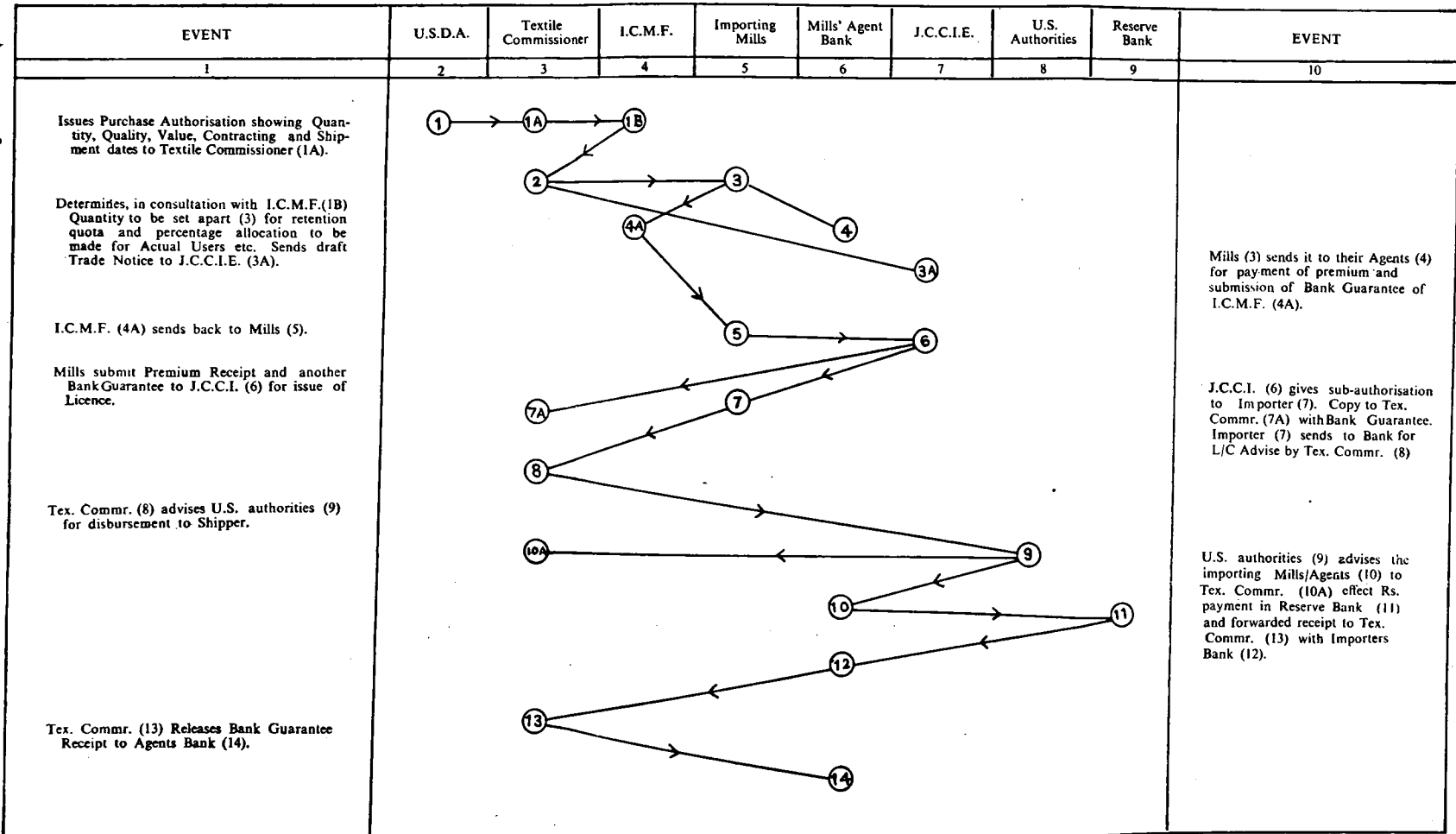
- (a) import of the entire quantity by the Federation in one instalment, thereby utilising the full value of the purchase authorisation;
- (b) avoidance of unnecessary speculation in the market in view of early/late arrivals;
- (c) avoidance of the maintenance of individual accounts by the Textile Commissioner who is none too sure as to when imports would take place and when payments would be made into the U.S. Disbursement Account;
- (d) avoidance, as a corollary, of the clerical work connected with the custody of a large number of bank guarantees and their subsequent discharges.

If, during any particular year, mills do not utilise the full value of the purchase authorisation, central purchase should make it possible to build up a buffer stock for meeting possible shortages of Indian cotton. This would also bring in a certain amount of stability in the prices of Indian cotton.

4.57 Import of cotton through a central agency envisages that the mills would indent on the agency direct on the basis of the formula in force from time to time. The existing facilities regarding transfer of retention quotas, etc. would continue.

FLOW CHART SHOWING IMPORT OF PL 480 COTTON

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Recommendation

4.58 Representatives of trade and of the Indian Cotton Mills' Federation opposed the suggestion for importing cotton centrally through the Federation. It was represented that centralised imports would mean bringing in a few standard qualities/grades commonly consumed by mills, precluding mills from exercising their choice. In a country which suffers from shortages of cotton, it is debatable whether mills should be given a wide range of choice at all. Once the staple length of the cotton together with standard qualities and grades have been decided upon in consultation with the industry, there is no need for any further choice being given to the mills. Centralised bulk imports have definite advantages, some of which we have already discussed above. In our view, it is not necessary to be unduly concerned about precluding mills from exercising their choice regarding quality. We recommend therefore, that the possibility of bulk import of P.L. 480 cotton through a central agency, the ICMF or a specially created Buffer Stock Association, should be seriously examined.

Recommendation

4.59 If, however, for any reason, Government do not find it possible to implement the above suggestion, it is suggested that the Indian Cotton Mills' Federation should be entrusted with the accounting of individual transactions of mills. In other words, the Federation should take over the functions presently performed by the Textile Commissioner as the authorised applicant. In case of rejection of P.L. 480 cotton by any unit, such cotton should not be re-allocated to other mills, but should be imported by the Federation direct. Quotas allotted to mills which do not complete negotiations for import within the specified date should also be cancelled and imported by the Indian Cotton Mills' Federation direct. The quantity held by the Federation by way of (a) rejections by mills; and (b) non-utilisation of quota should be kept in reserve and allotted as per directions of the Textile Commissioner.

APPENDIX 1

(Para 4.29)

FORM 'F'

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE

OFFICE OF THE TEXTILE COMMISSIONER,
BOMBAY-1

[See Clause 7(2)]

"A" CLASS LICENCE

Licence for purchase, sale or storage or for carrying on business in cotton or for holding cotton in hypothecation or against pledge.

Subject to the provisions of the Cotton Control Order, 1955 (hereinafter referred to as the 'said Order') and to the terms and conditions of this licence.....is/are hereby authorised to purchase, sell, store, carry on business in cotton or hold cotton in hypothecation or against pledge.

2. The licensee shall maintain a register of daily accounts in respect of each description of cotton in which he deals, showing correctly—

- (a) the opening stock on each day;
- (b) the quantities received on each day showing the place of origin and the name and address of the person from whom received;
- (c) the quantities sold, delivered or otherwise removed on each day showing the place of destination, the name and address of the person to whom they are sold or delivered, or for whom they are removed;
- (d) the closing stock on each day.

"EXCEPTION: Nothing in this paragraph shall apply to a manufacturer."

3. The licensee shall not purchase cotton from, or sell, hypothecate or pledge cotton to, any person who does not hold a licence under the said Order or is not otherwise authorised to sell or purchase cotton.

4. The licensee shall issue to every customer a correct receipt or invoice as the case may be, giving his own name, address and license number, the name, address and license number of the customer, the date of transaction, the quantity sold or purchased as the case may be, the rate per candy and the total amount charged and shall keep a duplicate of the same available for inspection on demand by the licensing authority or any officer authorised by such authority in this behalf.

5. The licensee shall give all facilities at all reasonable time to the licensing authority or any officer authorised by such authority in this behalf for the inspection of his stocks and accounts at any shop, godown or other place used by him for the storage or sale of cotton and for taking samples of cotton for examination.

6. The licensee shall comply with any directions that may be given to him in regard to the purchase, sale, storage, hypothecation or pledge of cotton and in regard to the language in which the registers, returns, receipts or invoices mentioned in paragraphs 2 and 4 shall be maintained, submitted or issued and in regard to the maintenance of the register mentioned in paragraph 2.

7. This licence shall be valid for the cotton season.....

Date.....19 .

Signature of the Licensing Authority.

CHAPTER V

INSTALLATION OF ADDITIONAL CAPACITY IN THE ORGANISED SECTOR

5.1 The targets of production of cloth and yarn for the organised sector of the industry for the Third Plan period were fixed at 5,800 million yards of cloth and 2,250 million lbs. of yarn. To achieve the target of yarn it was estimated that 16.5 million active spindles would be required, not taking account of about one million spindles which always remain out of operation due to various reasons like overhauling and repairing. The number of spindles at the end of the Second Plan was 13.66 million and, therefore, a further capacity of about 4 million spindles had to be licensed.

5.2 Against the target of 4 million additional spindles 8.158 million spindles have so far been licensed, either for installing new units or for substantial expansion in existing undertakings. The licensing of spindles under these two categories is as under:—

New units	42.57 lakh spindles
Substantial expansion	39.01 " "
Total	81.58 " "

Against 42.57 lakh spindles for new units, 24 new units have come up covering 2.90 lakh spindles. Sixteen new units have partially completed their projects, i.e. they have installed some of the spindles licensed covering in all 1.04 lakh spindles. As regards substantial expansion, 149 units have completed their projects installing 6.80 lakhs spindles; 39 units have completed partial installations covering 1.62 lakh spindles. The overall position regarding installation is as under:—

	Units fully implemen- ted	Units partially implemen- ted	Total
(in lakhs)			
New undertakings	2.90	1.04	3.94
substantial expansion	6.80	1.62	8.42
	9.70	2.66	12.36

Licenses covering 14.20 lakh spindles have been revoked. Since the licensees failed to take effective steps. The resultant position today is as under:—

Total number of spindles licensed	81.58 lakhs
Less: actually installed	12.36 lakhs
spindles revoked	14.20 " "
balance still awaiting installation	55.02 " "

In addition, in pursuance of the recommendations of the Cotton Textiles Consultative Board, it was decided in 1963 to allow every existing mill to go in for expansion to the extent of 7.5 per cent to 10 per cent of its spindles and 10 per cent of its looms. Units having a capacity of less than 25,000 spindles were allowed to go up to 25,000 spindles. In 1965, additional expansion was allowed in both spindles and looms by 10 per cent or 5,000 spindles whichever was more and 100 to 300 looms to those units which had completed the marginal expansion programme of 1963. These measures were taken in view of the poor implementation of the licences given for new units and for substantial expansion. The additional spindles that will be installed as a result of the marginal expansion (if implemented) will be as under:—

Under the 1963 programme	10.00 lakhs
Under the 1965 programme	11.00 lakhs

BASIS FOR ALLOCATION OF SPINDLES

5.3 The textile policy for the Third Plan envisaged that the number of spindles proposed to be licensed might be allocated to various states with reference to their population, degree of industrial development, and availability of raw materials and technical skill in the states. On this basis each state was given a quota of spindles against which it was asked to sponsor applications. As certain quota was also reserved for allocation by the Centre, out of which spindles were allocated to units for the purpose of balancing (with reference to loomage or with reference to available preparatory machinery) or for raising the capacities of the units to economic levels of production. As over eight million spindles were actually licensed against the target of 4 million additional spindles, the allocation of spindles as between the Centre and the states lost much of its significance.

PROCEDURE FOR LICENSING

5.4 We took note of the very poor implementation of the licences granted for setting up additional capacity and decided to examine the entire procedure relating to licensing and the means for watching the effective implementation of licences. Our initial studies were made on the promise that streamlining existing procedures might help towards attaining the eventual objective of bringing production up to targetted levels.

5.5 In order to set up a textile mill, the following pre-requisites have to be complied with:—

- (i) A licence has to be taken under the Industries (Development and Regulation) Act, 1951;
- (ii) Permission of the Textile Commissioner has to be obtained for installation of spindles and looms under the Cotton Textiles (Control) Order, 1948—clause 12(6) for looms and clause 12(8) for spindles; and
- (iii) Permission of the Textile Commissioner has to be secured by the manufacturer of machinery for the sale of ring frames and looms [clauses 12(b) and 12(c) of the Cotton Textiles (Control) Order, 1948].

5.6 Applications for the setting up of new units are submitted to the Ministry of Industry, which administers the Industries (Development & Regulation) Act, 1951. They are then referred for comments to the Ministry of Commerce, the Textile Commissioner, the state government concerned, the Planning Commission, the Department of Economic Affairs, the Company Law Board and the Council of Scientific and Industrial Research. The recommendations of these authorities are then considered by the Ministry of Industry in consultation with the Ministry of Commerce, which prepares a brief for the Licensing Committee. A more or less similar procedure is followed in respect of substantial expansion of existing units with the exception that the recommendations of the state government are not given overriding weightage.

5.7 It was decided that every alternate application received in the Industrial Licensing Branch of the Textile Commissioner's Office during 1964 and 1965 (upto June), both for new undertakings and for substantial expansion, should be taken up for study. On this basis, 219 (105 new undertakings and 114 substantial expansion) applications were marked out in the register. A number of files could not be made available; only the remaining cases could thus be studied. It was noticed that a clear picture of the entire process would become available only if the corresponding files in the Ministry of Commerce were looked into. At Delhi it was possible, during the time available for study, to get counterpart files of 116 applications only. The following analysis has, therefore, been confined to the date emerging from these 116 cases (though the initial study at Bombay was, as stated earlier, of a very much large number), which approximately represents about 25 per cent of the applications processed during the period taken up for study. The categories of case studies can be broadly classified under the following heads:

new undertakings	59
substantial expansion cases	53
balancing	1
change of location	2
shifting of capacity from one unit to another unit of the same group	1
Total to 1	116

5.8 Applications for industrial licences are first received in the CLP Section of the Ministry of Industry. Under the revised procedure adopted on the recommendations of the Industrial Development Procudure Committee the comments of the various authorities consulted are required to be sent within three weeks of the receipt of an application to the Ministry of Commerce (Textile Section). It is the responsibility of the Textile Section to decide; in the light of the policies laid down and in the light of the comments received from the various authorities, whether the application is to be recommended or rejected without reference to the Licensing Committee, or to be placed before the Licensing Committee for its consideration. The brief for the Licensing Committee is prepared by the Textile Section and

transmitted to the Licensing Committee Section of the Ministry of Industry for being placed before the Licensing Committee.

5.9 Out of the 116 cases examined, 66 applications were found to have been complete on receipt and 50 deficient in one or more respects. The break up of these cases according to the nature of deficiencies noted is as under:—

(i) absence of treasury chalan for Rs. 50/-	10
(ii) incorrect indication of head of account in the treasury receipt	11
(iii) inadequate number of copies of applications	44
	65

We were somewhat surprised to note that in such a large number of cases inadequate number of copies were furnished. The CLP Section takes about two days to forward the applications to the various authorities mentioned above. In respect of 50 cases, where the information submitted was inadequate, it was noticed that the applicants took about 25 days on an average to make good the omissions.

5.10 We critically examined the role of the various authorities to whom applications are referred so as to see how far their comments were of use. The result of our study is as under:—

(A) TEXTILE COMMISSIONER'S OFFICE

The Industrial Licensing Section in the office of the Textile Commissioner opens a file for each state at the beginning of the Plan period and registers the applications as and when they are received from the CLP Section of the Ministry of Industry. It then examines each application with reference to:—

- (a) Availability of spindles within the state quota;
- (b) spindleage available for the allocation of licences; if any;
- (c) whether the area where the mill is proposed to be set is one which has been taken by the Khadi and Village Industries Commission for intensive khadi development.

Case studies showed that the Textile Commissioner's Office took on an average about 78 days to forward its comments to the Ministry of Commerce on licence applications for new undertakings. In respect of cases involving substantial expansion, the average time taken was comparatively less, viz., 35 days. It was also noticed that there were numerous levels of handling in the Textile Commissioner's office i.e., U.D.C., Superintendent Assistant/Deputy Director, and Industrial Adviser. The maximum time taken was at the level of U.D.C. (26 days) and at the level of Director (10 days).

(B) STATE GOVERNMENTS

Major recommending authorities in the processing of licence applications are the state governments. A break up of the nature of comments

received from the state governments in regard to the 116 cases studied is as under:—

(a) number of cases recommended for grant of licence	50
(b) number of cases recommended for rejection	6
(c) number of cases in which the state government did not give any reply	48

In another 12 cases, the state government (Madras) deliberately refrained from commenting on the ground that the quota of spindles allotted to the state had been exhausted and that the Central Government had decided not to release further spindles to the state. On an average, it was found that the state governments took a little over 50 days to furnish their comments.

(C) DEPARTMENT OF ECONOMIC AFFAIRS

According to the instructions of the Ministry of Industry, licence applications are referred to the Department of Economic Affairs in order that the latter may examine the availability of foreign exchange for import of capital goods or for raw material as the case may be. In all the cases studied, there was no reply from the department although the CLP Section continued to send copies of applications there.

(D) COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

Copies of applications are also endorsed to the CSIR in order that the Council might examine them from the point of view of necessity of foreign technical collaboration. Although in the set up of a textile mill, no foreign collaboration is involved, copies continued to be endorsed to the CSIR. No comments were received from the CSIR in any of the cases studied.

(E) PLANNING COMMISSION

Only cases which involved setting up of textile mills in the cooperative sector required clearance from the Planning Commission with reference to the availability of funds in the state Plan provision. It is the responsibility of the state governments to obtain prior clearance from the Planning Commission in cases where it is proposed to set up mills in the co-operative sector. The practice of endorsing copies of licence applications to the Planning Commission was introduced on the recommendation of the Swaminathan Committee. An examination of four files in which about 240 applications were dealt with in the Planning Commission showed that in none of the cases did the Commission send any comment. It seems to be the general policy of the Commission not to send any comments except in cases where the administrative ministry (Commerce Ministry here) feels that consultation is necessary. The Planning Commission is represented on the Licensing Committee and presumably puts forward its views at meetings of the Committee. In view of this, the question was put to the Planning Commission whether the endorsing of applications to the Commission could be discontinued. The Commission stated that applications received from entrepreneurs are of "material use" to the Planning Commission, although our studies did not corroborate this.

(S) COMPANY LAW BOARD

The Department of Company Affairs and Insurance could make available only 85 out of the 116 cases studied. With a view to examining the contribution of this department, from a more representative sample, some 54 more files were taken up for examination. In all, 139 files were thus examined in this department, from which the following points emerged:—

The nature of the scrutiny exercised by the Company Law Board is to check—

- (i) whether it is a case of diversification of the present line of manufacture;
- (ii) if the debt equity ratio is within the permissible limit viz. 2: 1;
- (iii) whether the size of the project warrants the formation of a limited company; and
- (iv) if it is a project to be managed by a managing agency appointed for the purpose.

Of the 139 cases studied, the Company Law Board had no comments to offer in respect of 65 cases; in 29 cases, the Board had no objection to the issue of industrial licence provided the debt equity ratio was maintained within the permissible ratio of 2: 1. In all these cases, the advice of the Company Law Board was conveyed to the applicants in the letter forwarding the licence, indicating that the debt equity ratio given in the application did not conform to the pattern prescribed by the Company Law Board, but that fact did not deter the Ministry from issuing the licence.

In 20 other cases, the Board had no objection to the grant of the industrial licence, subject to the reservation that the emoluments of the managing agents and their terms and conditions were approved by the Company Law Board.

In 11 cases, the Board advised conversion of the existing partnership to a limited company. In these cases also, the advice of the Company Law Board was incorporated in the licence.

In 3 cases of diversification, the Company Law Board had no objection to the grant of an industrial licence, subject to the condition that a new limited company be floated.

In 10 other cases, the Company Law Board had no comments from the Company Law angle because the projects fell in the co-operative sector. One case was not recommended as the capital was inadequate.

This analysis leaves the impression that whatever checks are applied by the Company Law Board could as well be exercised by the administrative Ministry, if suitable guidelines could be made available to it by the Board from time to time.

(G) MINISTRY OF COMMERCE

As already pointed out, coordination work in regard to industrial licences is done in Textiles (A) Section in the Ministry of Commerce. The CLP Section of the Ministry of Industry asks the various authorities to

forward their comments to the Ministry of Commerce for preparing briefs for the Licensing Committee. Textiles (A) Section accordingly keeps a watch over the receipt of comments from the state governments, Company Law Board, Textile Commissioner, etc. It was found that the mode of processing and the ultimate decision taken by the Ministry of Commerce on any particular application were entirely determined by the comments of the Textile Commissioner and the state government concerned.

Case studies indicated that the average time taken to arrive at a decision to grant or refuse a licence was about 100 days in the Ministry of Commerce after the receipt of comments from the Textile Commissioner and other authorities.

5.11 Rule 15 of the Registration and Licensing of Industrial Undertakings Rules, 1952 stipulates a period of three months for taking a decision on a licence application. This period was sought to be cut to six weeks while implementing the recommendation of the Industrial Development Procedures Committee. In spite of the simplifications proposed, it was generally noticed that the average time taken to communicate a decision from the date of receipt of application to the date of communication of the decision was about 178 days.

5.12 An industrial licence enables a licensee to set up a unit, subject to the conditions mentioned below :

- (i) the new under-taking should be established within 12 months of the date of issue of the licence;
- (ii) the licensee should take "effective steps", as defined in rule 2(2) of the Registration and Licensing of the Industrial Undertakings Rules 1952, within a period of six months from the date of issue of the licence. "Effective Steps" are defined to mean one or more of the following :—
 - (a) that 60 per cent or more of the capital issued for the industrial undertaking has been raised;
 - (b) that a substantial part of the factory has been constructed; and
 - (c) that a firm order has been placed for a substantial part of the plant and machinery required for the undertaking.

5.13 There is a provision for follow up action after the issue of an industrial licence. Mills are required to submit in form 'G' the progress made in the setting up of a unit within six months of the date of issue of the licence. If the Textile Commissioner is satisfied that sufficient progress has not been made, a 'show cause' notice is issued. A copy of the show cause notice is at annexure '7' to this chapter. Copies of the 'show-cause' notice are also endorsed to the state government concerned and to the Ministry. Licensees are directed to give a reply to the notice within a period of 15 days of the issue of the notice. If the replies received are not satisfactory, or if no reply is received, extension of the validity period of the licences is recommended only if the state governments concerned support extension. In such cases, and in cases where progress in installation is satisfactory, a recommendation for extension is sent to the Ministry for reference to the Licensing Committee. Between the issue of the 'show-cause' notice and the actual extension of the licence, there is a time lag of six months to one year. Where state governments recommend revocation of licences, the Textile Commissioner endorses their views and sends such cases to the Ministry of Commerce for further action.

5.14 The reasons put forward by licensees for extending the validity period of their licences are that—

- (a) they are negotiating for purchase of land and machinery;
- (b) steps are afoot for raising the required capital; and
- (c) capital raised is not yet adequate.

5.15 Thirty-eight cases were taken up for detailed study to see how far licensees were able to take the various effective steps with reference to the time factor. Our study revealed that the average time taken for acquisition of land ranged from 9 to 12 months. The time taken in construction of buildings ranged from 18 to 24 months. In the case of orders placed for machinery, the time lag between the issue of licence and the placing of firm orders for machinery ranged from 3 months to 24 months. The average delivery period quoted for supply of machinery was about 12 months. There was also a time lag ranging from 6 to 36 months between the date of issue of an industrial licence and the issue of an essentiality certificate for import of machinery.

INSTALLATION PERMITS

5.16 After the issue of an industrial licence, a mill has to apply to the Textile Commissioner for an installation permit under the provisions of the Cotton Textiles (Control) Order, 1948. The requirement of installation permits over and above industrial licences has its origin in historical causes. The Cotton Textiles (Control) Order was there long before the Industries (Development and Regulation) Act was enacted, and its provisions remained applicable even though in some respects the latter enactment made the control order out of date. The result is that to-day licensees have to comply with the requirements of both sets of statutory provisions.

5.17 Case studies were made to probe the procedure for the grant of permits for acquisition and installation of spindles and looms. From about 800 available files we took up 77 installation permit cases for study. The study revealed that the average time taken in the grant of permits, from the date of industrial licence, was 108 days in the case of spindles, and 50 in the case of looms, of which roughly 30 days were accounted for by the Textile Commissioner's Office in taking action to write to the licensee to apply for an installation permit. We consider the issue of an installation permit to be a wholly unnecessary step after an industrial licence has issued. We noticed that as many as 349 parties who were granted licences during 1963—65 are yet to apply for installation permits, as may be seen from the following figures :—

Year	Licences issued	Permits issued
1963	138	32
1964	276	94
1965	87	26

5.18 It will be seen from the foregoing paragraphs that, on an average, 178 days were taken up for the issue of an industrial licence, and thereafter another 108 days for the issue of an installation permit for spindles and about 50 days for looms.

CONCLUSIONS

5.19 We have described the results of our case studies in some detail because as our study progressed we could not help feeling that the existing procedures, far from helping the growth of the industry, had only tended to retard growth. Against a target of 4 million spindles for the Third Plan, licences were issued for 8.158 million spindles. Over and above this, the marginal expansion schemes of 1963 and 1965 permitted over two million new spindles. Thus there was no relationship between the plan target and the capacity licensed/permitted. On paper, the additional capacity licensed or permitted, added to the installed capacity of 13.66 million spindles at the end of the Second Plan, gave the country a potential of over 23 million spindles. This far exceeds the target of even the Fourth Plan which has been placed at 19.35 million spindles. But against the huge capacity created on paper, the capacity actually in operation at the close of the Third Plan was only 15.6 million. There was thus no relationship worth the name between what was licensed or permitted and what actually happened on the ground.

5.20 The remedy in our view, lies not so much in streamlining licensing procedures but in having a fresh look at licensing itself. We are inescapably led to the conclusion that here is a field where the implementation of the Plan through the tool of industrial licensing has failed. All that licensing has led to is additional capacity created on paper to the extent of nearly three times the targetted requirements. It has to be emphasised that each licence meant consideration of the case at various levels which involved considerable time and paper work and the inevitable inconvenience to the applicant. Further, in view of poor implementation there had to be frequent revalidation of licences for short periods, involving long-winded procedures of consideration at various levels culminating in decisions at the level of the Licensing Committee. The Study Team were told by representatives of industry that frequent visits and meetings with the officers of the Government were necessary to get the validity of licences extended.

5.21 We would also point out that the presence of a large number of paper licenses meant that an unnecessarily large body of entrepreneurs began taking effective steps in the shape of placing orders for additional machinery, raising capital or acquiring land. This made its own contribution in creating artificial scarcity for cement, iron and steel, or in tying up already scarce capital or in making delivery periods quoted by indigenous machinery manufacturers longer. While on the one hand the delivery of indigenous machinery on firm orders is reported to be slow, we had on the other hand the paradoxical situation in which machines are reported to be ready on the shelf but are not taken delivery of.

5.22 In the light of the continuous need to expand production of cotton cloth, which is a basic and essential need of a growing population, we believe that the cotton textile industry should be allowed to develop freely and expand in all parts of the country. We understand that the economic size of a unit is about 25,000 spindles for a purely spinning mill and 25,000 spindles and 500 looms for a composite mill. We feel that units of this size should be allowed to be set up by any person without the formality of licensing or other restrictive procedures. We agree that this takes us into the realm of substantive policy. As mentioned earlier our initial studies

in this field were made only with a view to suggesting measures for the streamlining of existing procedures. We believe that the quality and success of planning are to be measured not merely by the excellence of the control measures but with reference to the practical results which have been achieved. The procedures regarding licensing, as we have already pointed out, are by no means excellent, but are vexatious and time-consuming. The results which have been achieved fall significantly below the targets. As a body appointed to suggest administrative improvements and to make recommendations regarding relaxation of controls we would urge strongly that there need be no control over the creation of additional capacity in the cotton textile industry. Questions might be raised that removal of licensing might result in regional imbalances and might prevent growth of industries in backward areas. The answer is that existing procedures of licensing have not resulted in any significant growth of the textile industry in backward tracts. We are convinced that the growth of industries in backward areas can be stimulated only by inducements and not by directions or measures of control. We suggest that fiscal policies should be so shaped as to stimulate the growth of industry in specified areas. It is our view that the removal of controls in this field will help in the development of the industry on healthy lines.

5.23 We notice that the textile machinery manufacturing industry has made rapid progress and can meet the requirements of the additional spindles and looms necessary for growth. Here is, therefore, an industry whose expansion does not depend very much on imported machinery. Only small value imports will need to continue for those items which are not manufactured in India.

Recommendations

5.24 Having regard to the above, we would make the following specific recommendations :—

- (i) Industrial licensing should be dispensed with for installation of spinning capacity upto 25,000 spindles or composite capacity upto 25,000 spindles and 500 looms.
- (ii) Licensing should also be dispensed with where mills wish to undertake expansion of spindleage or loomage of their existing units within their existing premises.
- (iii) As a Corollary, there should be no need to extend the validity of existing unimplemented licences for spindles.
- (iv) In respect of both (i) and (ii), there need not be any commitment on the part of the Government to allow the import of machinery as a matter of course.
- (v) The question of issuing installation permits in the above cases should not arise hereafter.
- (vi) Statutory returns may be prescribed under which textile mills should be required to send periodical returns to the Textile Commissioner, more in the nature of "information" for statistical purposes.

- (vii) The Textile Commissioner should also keep himself informed about the deployment of textile machinery produced by indigenous machinery manufacturers and for this he should obtain sale details from the latter in a convenient form.

5.25 We need not over-stress the advantages that would flow by implementing the above suggestions. This will totally eliminate several areas of procedural delays and also avoid inconvenience to the public. Above all it will provide a much needed stimulus to the industry.

CHAPTER VI

CONTROL ON INSTALLATION OF POWERLOOMS

6.1 In order to have a proper insight into the controls presently exercised on acquisition and installation of looms, it would be worthwhile to present briefly the historical background leading to the evolution of Government's restrictive policy regarding expansion of the weaving capacity in the mill sector. During the second world war, the production of the mill sector was fully geared for war purposes, thus giving vast scope to the decentralised sectors, handlooms and powerlooms, to fill the gap in the supply and demand position. The partition of India brought about a serious imbalance in this position when India lost a big market in the territory of what is now Pakistan. While there were a few cotton textile mills in the Pakistan area, most of the mills were situated in India. This imbalance in supply and demand was to some extent rectified by large exports during the period 1948—51

6.2 Although the existence of powerlooms in the country as a distinct sector was recognised, no production targets were assigned to this sector during the first two Plan periods. It may, however, be mentioned that the Kanungo Committee had suggested a scheme for the introduction of powerlooms in the handloom sector as part of the development programme for improving the lot of the handloom weavers. To achieve this objective, a target of 200 million yards of cloth was earmarked in the Second Plan by introducing 35,000 powerlooms in the handloom sector.

6.3 The scheme of introduction of 35,000 powerlooms in the handloom sector did not succeed to the extent envisaged. The data available with the All India Handloom Board revealed that only about 13,000 looms were set up by 1961 when the scheme was given up.

6.4 In the Third Plan, the target for cloth production was set at 9,300 million yards out of which the mill sector was expected to produce 5,800 million yards and 150 million yards for Khadi, leaving a quantity of 3,350 million yards to be produced in the decentralised sector, handlooms and powerlooms. No specific target was earmarked for the powerloom sector.

6.5 The current rate of production in the mill sector is around 5,000 million yards per annum although the installed capacity is capable of producing about 5,500 million yards.

6.6 The weaving capacity of mills during the first two plan periods and the first three years of the third plan period having been frozen and production in the handloom sector being much below the target assigned for the decentralised sector, it became possible for powerlooms to come up in a large way to fill the gap in the requirements of cloth. The growth of powerlooms was further aided by the following factors:

- (a) the urge on the part of the handloom weavers to increase their earnings;

- (b) increased productivity of powerlooms *vis-a-vis* handlooms;
- (c) exemption from excise duty;
- (d) exemption of small powerloom units having less than 4 powerlooms from the handloom reservation order.

Induced by the above considerations, of which the excise levy formed the most attractive one, even outside financiers stepped into the field in a large way to set up powerlooms so as to derive the benefits available in its working.

CONTROL ON POWERLOOMS

6.7 The Powerloom Enquiry Committee noted that the Government did not appear to have at any time laid down a clear-cut policy in regard to powerlooms. There was no law prior to 1944 for regulation of powerlooms. Under a notification issued in 1944 by the Textile Commissioner, it was made obligatory on the part of all producers to obtain a texmark to identify the cloth produced back to the source of manufacture. Later under the provisions of the Cotton Textiles (Control) Order issued in 1948, it was stipulated that permission of the Textile Commissioner would be required for acquisition and installation of powerlooms. The order provides for—

- (i) grant of permission for acquisition and installation of powerlooms;
- (ii) registration of existing powerlooms;
- (iii) regulation of registration certificates issued to powerlooms;
- (iv) sealing of powerlooms; and
- (v) grant of permission regarding transfers and changes of locations.

In granting or refusing permission for acquisition or installation of a powerloom, the Textile Commissioner is to pay due regard to the following:—

- (a) the number of powerlooms already installed or working in the local area;
- (b) whether the powerlooms proposed to be acquired or installed are to be utilised for weaving cloth;
- (c) the availability of yarn; and
- (d) the demand for cloth.

Between 1958 and 1960, the attention of the Government was drawn to "the abnormally large number of powerlooms which had come up in the different parts of the country without any regulation, permission, texmark or licences". The Central Government arranged a census to be carried out through the State Governments and when it was completed, it was reported that there were in existence about 18,000 powerlooms on cotton and 11,000 powerlooms on non-cotton installed without any authority. The question of regularisation of unauthorised powerlooms was considered by Government and, it was decided, to regularise the powerlooms which were in existence on 31st October, 1960. The number of powerlooms

including those authorised prior to 31st October, 1960, and those which were regularised in pursuance of the decision mentioned above came to 145,803.

6.8 Details of looms as given in the Powerloom Enquiry Committee Report are reproduced below:—

Name of State	Cotton			Non-cotton			Grand Total
	Autho- rised	Unauth- rised	Total	Autho- rised	Un- autho- rised	Total	
1	2	3	4	5	6	7	8
Andhra Pradesh	584	181	765	625	23	647	1,412
Assam . . . . .	..	..	..	..	..	..	..
Bihar	196	..	196	139	4	143	389
Gujarat	8,455	334	8,789	16,573	249	16,822	25,611
Kerala	548	2	560	206	..	296	756
Madhya Pradesh	3,304	1,015	4,319	697	8	705	5,024
Madras	3,105	870	3,975	3,236	774	4,010	7,985
Maharashtra	43,673	7,525	51,198	22,719	87	22,806	74,004
Mysore	2,716	337	3,053	5,677	1,236	6,913	9,966
Orissa	375	..	375	6	..	6	381
Punjab	1,438	63	1,501	8,266	287	8,553	10,054
Rajasthan	108	2	110	37	..	37	147
Uttar Pradesh	1,654	436	2,090	1,203	128	1,321	3,421
West Bengal	3,017	972	3,989	898	3	901	4,890
Delhi	1,365	12	1,377	253	..	253	1,630
Pondicherry	164	1	165	..	..	..	165
Jammu & Kashmir . . . . .	..	..	..	18	..	18	18
TOTAL	70,702	11,750	82,452	60,552	2,799	63,351	1,45,803

6.9 The Asoka Mehta Committee observed as under:—

“The nature of control or regulation of the power-loom sector has been carefully examined by us. In the past there have been no inadequacy of controls, rules, orders or powers available to the respective authorities either at the Central or the State levels. Past experience of implementation of these controls, however,

has been disappointing and brought out the futility of such regulation in spite of the best efforts of the authorities. We realise the inherent administrative difficulties involved in regulating the capacity of a widely dispersed decentralised sector like powerlooms or handlooms particularly when the benefits or non-observance of the regulations are such as to induce violations”.

6.10 In view of these limitations, that Committee recommended withdrawal of all regulations on the setting up of powerlooms. Government, it is understood are not inclined to accept the recommendations of the Powerloom Enquiry Committee in so far as removal of control on the acquisition and installation of looms is concerned. It has been argued that this recommendation is inconsistent with the other recommendation of the Committee there should be a phased programme for setting up an additional one lakh looms (60,000 for cotton). It has been pointed out that it will not be possible to implement a phased programme in the absence of any regulation or planning in regard to the installation of powerlooms. Government consider that some regulations are therefore necessary to ensure that the growth of powerlooms keeps pace with the supply of cotton and man-made fibre yarn and that the envisaged growth of powerlooms in the handloom sector is brought about without difficulty. It has been stated that the fact that “control has proved somewhat ineffective in the past called for more effective enforcement in the future rather than complete removal of control or regulation.....” in order to achieve the various objectives recommended by the Committee.

6.11 It may be mentioned that the Powerloom Enquiry Committee had suggested an integrated approach to the question in that the removal of control on installation of looms was to be simultaneously accompanied by a shifting of the incidence of duty from cloth to yarn. The committee was presumably of the view that it should be possible to regulate the growth of the industry with fiscal measures alone. Government, it would appear, feel, that fiscal disciplines by themselves could not replace such regulations, although it might be possible by such measures to discourage the haphazard growth of powerlooms.

6.12 We have considered this question at great length from the administrative reforms angle. *Prima-facie* we find it difficult to accept the argument that more effective enforcement in the future is called for when past experience has proved the ineffectiveness of these controls, specially in regard to acquisition and installation of powerlooms. However, we do recognise that Government have a very difficult task of reconciling the various assurances given to the handloom industry (which is next only to agriculture in the matter of employment) on the one hand, and the rather helpless situation in the matter of unauthorised growth of powerlooms on the other. While we agree with the Government's resolution on the Committee's Report that some measure of regulation over the growth of powerlooms would be useful with a view to protecting the handlooms, having regard to past experience, we feel that there is no point in expecting such control to be exercised by a Central Governmental agency like the Textile Commissioner. Unless the Textile Commissioner is given a huge organisation with many more powers than at present, it is simply not possible for him to have an effective control on this far flung industry. We have also noted that the attitudes of the various State Governments differ on this

question. While some States favour the growth of powerlooms without any let or hindrance, others do not seem to approve of such unrestricted growth. The attitudes of the State Governments have been shaped by the problems likely to arise as a result of the impact of the growth of powerlooms on the existing handlooms in their respective States. For example, the Maharashtra State, having the largest number of powerlooms, has supported the recommendations of the Asoka Mehta Committee in regard to the removal of control on installation of looms, whereas the States of Madras and Andhra Pradesh, where there are concentration of handlooms, have opposed the recommendations.

Recommendation

In these circumstances, any measure of regulation that may be considered necessary to ensure the orderly growth of powerlooms and the manner of implementation thereof should be left to the discretion of the State Governments. The question of issue of 'Tex-Marks' by the Textile Commissioner should also not arise hereafter.

Recommendation

6.13 We understand that Government have decided to permit the installation of 1,10,000 looms (of which 10,000 are cotton powerlooms) during the Fourth Plan period. This is a step in the right direction as it provides sufficient room for implementing a liberal policy of granting permission for installation of powerlooms as opposed to the earlier "closed-door" policy. A committee has been appointed to decide the principles of allocation of these looms to the various States. Once the looms are allocated to the various States, the State Governments should take necessary measures for the attainment of the powerloom targets allotted to each State. It is certainly not our intention that with the delegation of authority to the State Governments, the guiding hand of the Textile Commissioner in the development of this important decentralised sector should be removed. The Textile Commissioner should set general guide-lines in respect of all aspects of the development of powerlooms. The State Governments should ensure that whatever information is required by the Textile Commissioner is made available to him. The Textile Commissioner should also be empowered to call for progress reports from the State Governments in regard to their development programmes for powerlooms.

Recommendation

6.14 We feel that with the very liberal policies now envisaged, viz. allocation of additional 70,000 powerlooms in the Fourth Plan period and regularisation of the powerlooms which have not yet been regularised, the tendency to set up unauthorised powerlooms would be reduced to a considerable extent. We would, however, like to state that unless the present pattern of excise levy is radically changed, no amount of controls and regulations will restrict the haphazard growth of powerlooms. Only by a judicious combination of fiscal instruments and development policies will it be possible to make clandestine growth of powerlooms a thing of the past. Hence, our recommendation for the liberalisation of controls in regard to acquisition and installation of powerlooms should be taken together with our recommendation made in chapter 7 for the removal of the present wide disparities in the rate of excise levy as between powerlooms and mills.

CHAPTER VII

CONTROLS AND REGULATIONS DESIGNED TO PROTECT THE DECENTRALISED SECTOR

NECESSITY FOR PROTECTION FOR THE DECENTRALISED SECTOR

7.1 The cotton textile industry in the country can be broadly classified into three major sectors, viz., the mill sector, the powerloom sector and the handloom sector. The levels of technology vary considerably from sector to sector. While the mill sector has adequate financial resources, managerial efficiency and technical know-how, acquired over a century of progress, the handloom sector employs traditional methods of production and is, to a very great extent, not properly organised. The productivity of a mill loom is about 30/35 yards per shift of 8 hours as against a mere 6/8 yards per day in a handloom. Moreover, the widely dispersed and cottage type handloom sector has no holding power to maintain either yarn or the finished cloth. This has led to the existence of the master-weaver system both in the handloom and powerloom sectors. To add further to the weakness of these sectors, it is well known that both sectors depend for their yarn on the mill sector. These economic disabilities have added up to the severe handicaps experienced by these sectors. They are highly vulnerable to even small fluctuations in the market climate.

7.2 The war period from 1939 to 1945 gave them considerable opportunities to expand when almost the entire mill production was drafted for war supplies. As soon as the boom conditions subsided in the post-war period, conditions of slump developed and the inherent economic weakness to face the competition from the mills threw them in great distress. The social and labour problems thrown up by the large scale unemployment in the handloom sector had to be tackled by the Government in some form or the other. It was under these conditions, that Government decided to reserve certain fields of production for the handloom sector and the small scale powerlooms. In pursuance of this, in the formulation of the textile policy during the plans, Government accepted as a basic principle the necessity to give adequate protection to the economically weaker sectors of the textile industry and a set of controls and regulations together with fiscal measures were put into operation to ensure such protection.

7.3 The major measures of protection taken by the Textile Commissioner in favour of the decentralised sector are enumerated below :—

- (1) pegging of the weaving capacity of the mill sector as well as of the powerloom sector;
- (2) reservation of fields of production for the handloom sector;
- (3) restriction on the production of dhoties by mills;
- (4) supply of adequate yarn for the decentralised sector;
- (5) reduced excise duty on yarn supplied to the handloom sector;
and

(6) restrictions on the printing of fabrics in mills.

In this Chapter we have examined the range of the above regulations and the extent to which they have yielded fruits.

SECTION I

PEGGING OF WEAVING CAPACITY IN MILLS

7.4 One of the basic factors that posed serious competition to the handloom industry was the quantum of cloth produced and marketed by the mill industry. Any measure designed to minimise the area of competition should first attempt at a control on the production capacity of mills. We have described in detail in the earlier chapter the circumstances under which Government have been placing restrictions on expansion of weaving capacity with a view to giving wider scope for the handloom industry.

SECTION II

RESERVATION OF FIELDS OF PRODUCTION

7.5 These reservations were introduced in 1950 by the Textile Commissioner's Notification No. 9(9)-Tex.I/49 dated 15-4-1950. This order prohibits mills and powerloom factories having more than four looms from producing :

- (i) dhoties with coloured borders exceeding 4" width;
- (ii) saris using coloured yarn or having a striped or check pattern or with borders exceeding 2½" width;
- (iii) lungis and gamchas with check pattern and having a width between 22" and 52";
- (iv) checked or striped chaddars, bed sheets, bed covers and counterpanes;
- (v) honey comb towels, table cloth, napkins and dusters;
- (vi) coarse cloth of plain weave with counts 8s and below; and
- (vii) low reed pick cloth.

7.6. We regret to state that we were not able to get a clear lead from the various State Governments or handloom interests as to how far these restrictions have benefitted the ultimate weavers. The All India Handloom Board clarified that even though the Working Group on Handloom Industry, which reported in 1959, had recommended evaluation surveys for assessing these benefits, no scientifically designed studies had been conducted in this direction. Nevertheless the opinions expressed before us at various places visited would indicate that these reservations did contribute some measure of protection to the handlooms for a few years. On the other hand, the Indian Cotton Mills' Federation brought it to our attention that these reservations, which were essentially conceived as measures of protection to the handloom, had really contributed to the large growth of unauthorised powerlooms, since powerloom units having less than four looms are not covered by this reservation order. The Powerloom Enquiry Committee also came to the same conclusion. Powerlooms do after all have higher productivity than handlooms, and with advantages in respect of excise duty

thrown in, their encroaching on reserved fields is inevitable. We fully endorse the recommendation of the powerloom Enquiry Committee that until the excise duty on powerlooms is shifted to yarn and processing and the compound system of levy is given up, such encroachments would continue to the detriment of the handloom sector.

7.7. We are of the opinion that time has come for a re-thinking about the whole gamut of regulations which seek to protect handlooms. Assistance to handlooms and other weaker sections should be viewed as a long term expenditure policy. Pending the formulation of such a policy, we feel that the existing handlooms reservation orders should continue. At the same time, it is very necessary that small powerloom units should not be allowed to exploit the advantages arising from these reservations and for this purpose, we would suggest that the exemption given to small powerloom units having less than four looms from the operation of the handloom reservation order of 1950 be withdrawn.

SECTION III

DHOTI PRODUCTION

7.8. Dhories and saris form a good part of handloom production. While certain types of dhories and saris were reserved for the handloom sector, it was found that such qualitative reservations were not sufficient to give the desired level of insulation against competition from the mills. Government, therefore, decided to restrict the quantum of dhori produced by a composite mill to 60 per cent of its packing in 1951/52 and passed the Dhories (Additional Excise Duty) Act 1953. The Act stipulated quotas for each mill, and clearance of any dhori in excess of the quota fixed attracted penal rates of excise duty prescribed under the Act.

7.9. We have examined whether there is need for continuation of these restrictions in the present context. The total dhori quota for the mill sector was fixed at about 610 million metres. But actual production has been going down progressively as will be seen from the table below:—

Year	Production (in million metres)
1952	682
1953	491
1954	526
1955	467
1956	507
1957	527
1958	444
1959	416
1960	399
1961	397
1962	347
1963	325
1964	328
1965	330

7.10. A general analysis of the performance in 1964 of 148 mills revealed that only 25 mills produced dhories in excess of their quotas, the bulk of them producing between 25 and 75 per cent only. According to the findings of the Powerloom Enquiry Committee, restrictions originally

intended as a protection to handlooms really benefitted the small powerloom sector. This is true of the dhoti quota system also. It has been estimated that dhoti production in the powerloom sector is of the order of 600 million yards as against a little over 325 million yards in the mill sector. Moreover, due to higher rate of urbanisation and industrialisation in the last two or three decades, there would seem to be a shift in the pattern of dress habits away from dhoties and the future trend of dhoty production in the mills is likely to be a cautious one.

7.11. The dhoti quota system is thus unsatisfactory in more than one way. It seeks to place ceilings in the mill sector where production is actually going down rather than up. And it has failed to bring any particular benefit to the handlooms. We, therefore, see no reason why the system should continue. Should however a situation develop where production of dhoties by mills exceed the present quantum of the dhoti quota, the system of allocation of unit-wise quotas could always be reintroduced.

SECTION IV

SUPPLY OF YARN TO THE DECENTRALISED SECTOR

7.12. During the period of controls on cloth and yarn prices upto 1953, the distribution of yarn was controlled by the Government and available supplies were channelised through state governments to the decentralised sectors of powerlooms and handlooms. Conditions continued to be easy upto 1960 when, along with cloth prices, yarn prices also moved up. With the approval of the Government, the cotton textile industry through the Indian Cotton Mills' Federation put into operation the voluntary scheme of price control on yarn and cloth. Under this scheme, yarn prices were also fixed. But by 1962, it became apparent that in the absence of any arrangement for distribution, the handloom industry had begun facing considerable difficulties in securing yarn in hank form. As a result of various discussions with the Indian Cotton Mills' Federation, Government introduced an "All India Yarn Distribution Scheme" under which the immediate needs of the handlooms in the cooperative sector were met by distributing about 22,000 bales of yarn per month to the state apex societies for release to the weavers through the primary societies. These figures should not be taken to represent the actual requirements of the co-operative fold but only the quantum which they could buy on "cash and carry" basis. In order to ensure that mills actually packed yarn in hank form, the Textile Commissioner issued an order directing the mills to pack in hank form a prescribed quantity of yarn every month. These regulatory measures together with increased supply of yarn specially from the large number of new spinning mills helped the handloom sector to a very great extent in a critical period. Availability of yarn improved greatly during the last decade as is evident from the statement below:

Year	Total production (Million kgs)	Delivery to decentralised sector (million kgs)
1949	616	169
1950	532	112
1956	758	200
1959	788	246
1965	790	280

In view of the very satisfactory position of yarn supplies (total as well as that in hank form), the voluntary price regulation for yarn as well as the All India Yarn Distribution Scheme were given up from July 1965. The restriction on packing was also dispensed with from January 1966. The Study Team is satisfied that these actions were in the right direction. While we feel that these steps are correct, we are nevertheless anxious that the supply of yarn in hank form should be adequate. We would recommend that a careful watch should be kept on the availability of hank yarn, and should a tendency develop on the part of the spinning mills to deliver considerably large quantities of yarn in forms other than hank, Government should re-introduce statutory control on the production and supply of hank yarn.

7.13. We would also recommend to the Government the removal of the following other restrictions in this regard imposed under the Cotton Textiles (Control) Order, 1948:—

General Obligation for Delivery of Yarn by Mills

(i) Clause 12(1) of the Cotton Textiles (Control) Order, 1948, provides that every producer who has a spinning plant shall sell in each quarter not less than 1/8th of the total quantity of yarn sold by him during the years 1949 and 1950 taken together. This was introduced with a view to ensuring that adequate yarn was available in the market for catering to the needs of the decentralised sectors. The clause has outlived its utility as any over-all yarn obligation cannot be with reference to production of the mills in 1949 and 1950. The number of spindles in 1950 was 11 million as against 15.6 million as on date. There are other provisions in the Cotton Textiles (Control) Order, 1948 enabling the Textile Commissioner to give directions to mills to pack yarn in hanks, cones or any other form as may be considered necessary. In the circumstances, we suggest the deletion of this clause.

Purchase of Yarn by Mills

(ii) Clause 12(A)(1) of the Cotton Textiles (Control) Order, 1948 provides that no producer who has a spinning plant shall purchase any yarn except with the permission in writing of the Textile Commissioner. (The clause also enables the Textile Commissioner to give permission to mills to buy yarn in special cases). The permission for purchase of yarn by a mill is given by the regional office. By an order issued under clause 12(A) of the Textile Control Order, 1948, the Textile Commissioner can give permission to mills to purchase yarn from outside for consumption within the mill. This is mainly utilised to get coloured yarn for border of dhoties/saries etc. and also to get superior types of yarn as and when necessary. In actual operation, the quantity of yarn so purchased is very meagre. In the circumstances, we suggest the deletion of this clause.

(iii) Clause 20 C(B): This clause provides that a composite mill shall not spin yarn from cotton or cotton waste not owned by it. It has been stated that this clause was introduced with a view to preventing mills having both spindles and looms from getting yarn spun on a commission basis by other mills in the neighbourhood where the cost of production might be less. It is not clear to us whether this is an effective provision. Further, in the conditions obtaining to-day, with growing awareness on the part of

trade unions, it is not possible to keep a unit's spindles idle and get the spinning done on a commission basis by an outside agency. We accordingly suggest that this clause may also be deleted.

(iv) *Control Over Reed Space of Looms.*

Clause 12(6B): This provides that a composite mill shall not effect or cause to be effected any alteration or conversion of the reed space of any loom except with the permission in writing of the Textile Commissioner. The object with which the provision was introduced was to ensure adequate supply of yarn to the decentralised sector. The productivity of a loom is influenced by its reed space which determines the width of the cloth to be produced. Under the present system where installation of looms is licenced and controlled, it was thought that mills might tend to increase their productivity by increasing the reed space of their looms. It is felt that this fear is rather unwarranted as mills cannot produce wide-width cloth regardless of consumer preferences. An examination of several cases relating to the grant of installation permits revealed that in no case was the reed space applied for by the mills altered. Considering that the Study Team suggests removal of controls on installation of looms, this provision may also be deleted.

SECTION V

EXCISE DUTY ON TEXTILES

7.14. Cotton yarn was exempt from excise duty upto 1961. When duty was imposed in 1961-62, various representations were made on behalf of the handloom interests that the sector's economic weakness could not bear this impost and that unless this duty was removed, the competitive handicap, already wide, would increase still further and compel the bulk of the looms to face closure. While Government was convinced of the strength of the plea, it was decided that concessional rates of duty on yarn issued in hanks (which is the form in which handlooms generally use it) would go a long way in assisting the sector. Accordingly, exemption from payment of excise duty was granted for cotton yarn issued in hanks upto 40s and counts above 40s were charged concessional rates of duty. This principle has been followed in all subsequent years with minor modifications. The rates of duty proposed in the budget for 1966-67 are as under :

Count of yarn	For yarn Other than	
	in hanks	hanks
(in Paise per kg.)		
Less than 6 nf . . . . .	..	10
6 nf to less than 14 nf . . . . .	..	15
14 nf to less than 22 nf . . . . .	..	25
22 nf to less than 29 nf	5	40
29 nf to less than 34 nf	25	60
34 nf to less than 40 nf	40	75
40 nf to less than 51 nf	65	100
51 nf and above	90	125

In addition to the above basic rates, there is a surcharge on sized yarn 20 per cent for counts of 29 and above and at 10 per cent for counts less than 29. These differentials in duty give a measure of help to the handloom sector.

7.15. An exercise to streamline procedures and review regulatory measures in force would be incomplete without going into the basic causes of the problems sought to be dealt with by current administrative practices. The Powerloom Enquiry Committee and the Central Excise Reorganisation Committee brought out how excise exemptions and preferences had led to evasion and contravention of both production and revenue controls in spite of the distinct provision in the Cotton Textile (Control) Order, 1955 that no person shall acquire or install a powerloom without the permission of the Textile Commissioner, there was a phenomenal growth of unauthorised powerlooms. The total exemption from excise duty of powerloom units upto five looms, until the year 1965, led many powerloom units to resort to deliberate fragmentation. Thus, on the one hand, these units evaded excise surveillance, and on the other they freely exploited the facilities and reservations meant for the handloom industry. The result was an enormous increase in production in the powerloom sector, from about 250 million yards in 1955 to over 1000 million yards at present, as estimated by the Powerloom Enquiry Committee. Similarly, the restriction placed on the production of dhoties in mills by the Additional Excise Duty Act 1955 led to an abnormal rise in dhoti production in the powerloom sector compared with the mill sector. It has been estimated that dhoties and saris accounted for 60 to 75 per cent of the total production in the powerloom sector. We are convinced that the policy of differential rates of excise duty is at the bottom of the problem of unnatural growth of powerlooms and that an adjustment of policy here would provide the essential ground for simplifying other controls and making them effective in the sense of being capable of implementation.

7.16. To understand the impact of the advantages enjoyed by powerlooms vis-a-vis mills on the one hand and handlooms on the other, a study of the comparative incidence of excise duty on the prices of cloth produced by these sectors is revealing. Powerlooms were first brought within the scope of excise duty in 1955. On the ground that powerlooms employ a lower level of technology compared to mills, the incidence of levy was pitched lower for them with complete exemption for units having less than five looms. At present excise duty on mill made and powerloom fabrics is charged in two stages, first at the yarn stage and then again at the fabric stage. The excise duty rates proposed in the 1966-67 budget, the amount of duty payable on grey cloth is approximately as under:

Powerloom sector : fine/superfine

Unit size	Estimated duty per metre.
4 looms	9.5 paise
5 to 24 looms	10.2 paise
25 to 49 looms	11.3 paise

Mill sector:

superfine	. 51.4 paise per sq. mt.
fine	. 37.7 paise per sq. mt.
medium A	. 18.3 paise per sq. mt. (15.8 for controlled sorts)
medium B	. 14.1 paise per sq. mt. (12.6 for controlled sorts)
coarse	. 8.7 paise per sq. mt. (8.2 for controlled sorts)

The average ex-factory price of superfine and fine non-controlled fabrics produced by mills could be estimated at Rs. 1.75 and Rs. 1.55 per sq. metre respectively. The ex-factory price for similar powerloom cloth might be about Rs. 1.40 per sq. metre and for the handloom cloth about Rs. 1.25 per sq. metre.

7.17. The incidence of excise duty on fabrics produced by mills, powerlooms and handloom can thus be exhibited as under :—

	Ex-factory price sq. metre (Paise)	Excise duty on grey cloth (Paise)	Percenta ge of excise duty on ex-factory price (Paise)
Mill cloth (S. Fine)	175	51.4	29
(Fine)	155	37.7	24
Powerloom fabrics	140	9.5 to 11.3	7 to 8
Handloom fabrics	125	5 to 8.5	4 to 7

The above statement brings into sharp focus, the advantages accruing to the powerloom sector, in the matter of excise duty. The increase in excise duty on processing of cloth proposed in the new budget might change the actual rates, but the comparative advantage which powerlooms enjoy would still continue.

7.18. The Powerloom Enquiry Committee stated that its recommendations for the rationalisation of excise levy, if accepted and implemented, would go far in rectifying the distortion and unhealthy growth of the industry and unhealthy practices connected with its rapid growth. We endorse the recommendations of the Powerloom Enquiry Committee that the effective way of curbing the unnatural growth of the small powerlooms would be to remove the very wide differential in excise tariff as between powerlooms and mills by giving up the levy of excise duty at compounded rates and replacement of the same by transferring excise levy to yarn and to processing. While fixing the actual rate of duty the level of handicaps encountered by the powerlooms *vis-a-vis* the mill in marketing the cloth should be taken into account.

7.19. It might be argued that powerloom units might buy hank yarn and get it sized clandestinely in small sizing units thus eliminating the payment of surcharge for sized beams. From the data collected by the different study teams sent out by the Powerloom Enquiry Committee, it was found that the cost of conversion from hank to sized beam worked out to nearly Rs. 2.86 to Rs. 3.06 per kg. in small sizing establishments. This indicates that any attempt to evade excise by switching over from sized form to hank form would prove to be uneconomical. We would, therefore, like to repeat that increased supply of yarn in hank form along with the present concessional rates of duty for yarn in this form and the withdrawal of extra excise

SECTION VI

RESTRICTIONS ON THE PRINTING OF FABRICS

7.20. Another class of units requiring assistance in the face of competition from composite mills is the independent hand-printers. The Textile Enquiry Committee 1958, while analysing the causes for large scale accumulation of cloth stocks, found that consumers' tastes had undergone drastic changes and that their preference was for more and more sophisticated types of processed goods. Printing is one of the processes catering to mass appeal and there is a tendency for mills to instal more modern printing machines. When printed goods from mills posed a serious threat to hand printers, the All India Handicrafts Board took up the issue with the Government, and the Textile Commissioner issued a notification in 1954 requiring the composite mills not to produce printed cloth in excess of stipulated quantities fixed for each mill. The total quantity ear-marked for the mill industry was restricted to 750 million yards per annum. In 1962, independent mechanical processors were also brought within the ambit of control and quotas were fixed for that class of printers as well. With the concurrence of the All India Handicrafts Board, the quantum of printing quota for composite mills was increased from 750 million yards to 900 million yards and the additional quantity was distributed to the mills according to a prescribed procedure.

7.21. In the administration of this regulation, we noticed the following draw-backs :—

- (a) Initially, when printing quotas were fixed, the printing capacity of the units was not taken into consideration
- (b) The quantum of machine printed cloth has been much less than the annual quota as may be seen from the following figures :

Year	Annual quota of printed cloth (million yards)	Annual production of printed cloth (million yards)	Percentage of printed cloth in relation to total quota	Quotas not utilised (million yards)
1955	750	446.19	60.00	303.81
1956	750	491.58	66.00	258.42
1957	750	538.22	72.00	211.78
1958	750	579.80	77.00	170.20
1959	750	652.26	87.00	97.74
1960	750	621.73	84.00	128.27
1961	750	675.00	90.00	75.00
1962	900	674.10	90.00	75.00
1963	900	705.45	78.00	194.55
1964	900	723.25	80.00	176.75

- (c) It was only in 1959 that an attempt was made to fix the quota of individual units with reference to their capacity. The economic quota fixed in 1959 was 3 million yards per machine per year. It would, however, appear that the minimum quantity required for the economic running of a unit is about 6 million yards per machine per year, worked out on an average of 5,00,000 yards per month.
- (d) In 1963, when additional allocations were made, quotas were also given to mills which did not have printing machines and, in fact, for the purpose of enforcing the "quicker utilisation of quota", a condition was also included in the allotment letters that each mill should instal a printing machine within one year of the date of issue of the permit.
- (e) While fixing the printing quota, the capacity of roller printing machines alone was taken into account. Mills have other kinds of printing machines also, like screen printing (automatic), screen printing (manual) and hand-printing, which were subsequently fitted within the over-all quota.

7.22. The policy followed in this field has resulted in increasing the printing capacity of the mills. Printing quotas were given to units which did not have printing machines probably with a view to promote their economic working. But in this context, the fixing of a printing quota and the sub-allocating of it to the mills, was rendered a rather pointless exercise and certainly one that did not achieve the desired ends.

7.23. We consulted representatives of the All India Handicrafts Board in the matter, and they were also of the opinion that the existing system of allocation of printing quotas did not serve the objectives for which it was introduced. They saw no objection to giving up the system, provided it was replaced by an adequate sector of printing being reserved for hand printers. They suggested reservation of the following types of printing :

sarees with headings (border or pallo) or any bed-spreads, bed covers and table covers with headings and borders.

We then consulted the Indian Cotton Mills' Federation to find out their views about the system of reservation suggested by the All India Handicrafts Board in preference to the existing system of quotas. The Federation stated that they would welcome reservation on the lines suggested as an alternative to continuing the system of printing quotas. We, therefore, recommend the abolition of printing quotas and in their place suggest reservations being made for hand-printers on the lines proposed by the All India Handicrafts Board. With this change, there need not be any restrictions placed on the expansion of printing capacity in mills.

7.24. It was suggested by the All India Handicrafts Board that in the interest of "ensuring smooth working of these restrictions and for periodical review of matters arising from these restrictions", a representative of the All India Handicrafts Board should be included in the advisory committee concerned with the matter. We commend this proposal to the Government and suggest that a nominee of the All India Handicrafts Board be included in the Cotton Textile Advisory Committee.

Restrictions on the Processing of Cloth

7.25. Clause 20C(a) of the Cotton Textiles (Control) Order 1948 provides that a composite mill shall not obtain any cloth or yarn not produced by it for processing. The purpose with which this clause was introduced was to ensure that composite mills process only yarn and fabric manufactured by them and leave outside cloth to be processed by independent processors. Later, it was noticed that much of the processing equipment installed in composite mills were not being utilised to full capacity and it was thought that it was not desirable to allow installed capacity to lie idle. It was consequently decided that mills may be allowed to take outside cloth for processing. In pursuance of this a general circular was issued to the effect that mills could accept outside cloth, including powerloom and handloom fabric, freely for processing. We have separately recommended abolition of the printing quota. In our view it would be inadvisable to place restrictions on the optimum utilisation of printing capacity installed in mills. Further, with the increased accent on the production of cloth in the decentralised sector, it would be a retrograde step to have restrictions that have the effect of preventing the handloom and powerloom sectors from getting their cloth processed in mills. Normally, if such producers prefer their cloth to be processed by mills either from the point of view of quality or from the point of view of cost, they should be encouraged to do so, as this would also increase the marketability of their cloth. We notice that there is to-day a differential in the rate of excise duty on cloth processed in the mills and cloth processed by independent processors. We consider that this differential gives adequate protection to independent processors.

Recommendations

7.26. Our recommendations in this chapter are summarised below:—

(1) The delimitation of the fields of production to help the handloom industry introduced under the Textile Commissioner's Notification dated 15th April, 1950 has stood the test of time and has helped the growth of the handloom industry. In order to make the control order more easily enforceable and to prevent encroachment by powerlooms on areas reserved for handlooms, it is necessary that the existing reservation should be made exclusive in favour of the handloom industry and that the exemption from this order granted to small powerlooms having less than five powerlooms should be withdrawn.

(2) We consider that the assistance given to the handloom and other decentralised sectors of the industry should form part of a long-term expenditure policy and should not perpetually be dovetailed to regulatory schemes.

(3) We consider that the existing system of allocation of dhoti quota which was introduced with a view to protecting the handloom industry has outlived its utility as the production of dhoties by the mills is far below the dhoti quota. We see no reason why the system should continue and would, therefore, recommend its abolition. Should, however, a situation develop where the production of dhoties by mills exceed the present quantum of the dhoti quota, the system of allocation of unit-wise quota could always be re-introduced.

(4) We consider that the withdrawal of regulation on the packing of yarn in hank form as from 1-1-1966 is a step in the right direction. Having regard to the increased supply of yarn during the last few years, we also recommend that the restrictions imposed under clauses 12(1), 12(A), (1), 20C(B) and 12(6B) of the Cotton Textiles (Control) Order, 1948, placing obligations on the mills should be given up. We are, nevertheless, anxious that the supply of yarn in hank form should be adequate. We would recommend that a careful watch be kept on the availability of hank yarn, and should a tendency develop on the part of spinning mills to deliver considerably large quantities of yarn in forms other than hank, Government should re-introduce statutory control on the production and supply of hank yarn.

(5) We endorse the recommendations of the Powerloom Enquiry Committee that the effective way of curbing the unnatural growth of the small powerlooms would be to remove the very wide differential in excise tariff as between powerlooms and mills by giving up the levy of excise duty at compounded rates and replacement of the same by transferring excise levy to yarn and to processing. While fixing the actual rate of duty the level of handicaps encountered by the powerlooms vis-a-vis the mill in marketing the cloth should be taken into account.

(6) We recommend that the existing restrictions on the printing and processing of cloth by mills may be removed and substituted by delimitation of fields of printing for the hand printers. As recommended by the All India Handicrafts Board, printing of sarees with headings (border or pallav) or any bed spreads, bed covers and table covers with headings and borders should be reserved for the hand-printers. A representative of the All India Handicrafts Board should be included in the Cotton Textiles Advisory Committee for ensuring the working of the restrictions and for its periodical review.

CHAPTER VIII

QUALITATIVE CONTROLS

8.1. The production control orders issued by the Textile Commissioner serve the following three broad objectives:—

- (i) ensuring the durability of cloth;
- (ii) reserving a field of production for handloom and other decentralised sectors of the industry; and
- (iii) directing production to types and varieties of cloth in popular demand.

8.2. By virtue of the powers conferred on him by clause 20(1) of the Cotton Textiles (Control) Order, 1948, the Textile Commissioner issued Notification No. TCS. 1/20 dated 22nd September, 1949 imposing restrictions in regard to minimum standards mills. Some of these provisions to be observed in cloth manufacture are complementary to these in the Notification No. 9(9) Tex. 1/49 dated 15th April, 1950 reserving certain categories of cloth for production by handlooms and those of the Dhooties (Additional Excise Duty) Act, 1953 restricting the production of dhooties in mills. The latter provisions have already been examined in the earlier chapter. The remaining provisions relating to minimum standards to be observed in the manufacture of cloth are examined below.

8.3. The most important of these requires mills not to manufacture cloth not up to the prescribed minimum constructional specifications. These are laid down in Schedule II annexed to the notification of September, 1949. The schedule categories the various sorts of cloth into twelve broad groups according to the counts of yarn used in the warp and weft. The permissible maximum differences between reeds and picks expressed as percentages to the number of ends in the reeds and picks per inch in the grey loom state cloth are set out. All wearable varieties of cloth produced must conform to these specifications. A large number of categories of cloth has been exempted from the above provision. Similarly, cloth produced for export is also exempted from this provision. If any manufacturer desires to produce a variety of cloth which does not conform to the prescribed specifications, he has to obtain permission from the Textile Commissioner in the shape of what is termed a 'deviation order'. The permission is given by the Mechanical Processing Section in the Textile Commissioner's Office. The scope of examination here in dealing with an application for deviation is to determine whether, with the proposed constructional particulars, the cloth would be durable or not, whether it would involve substantial increase in consumption of cotton, and whether it falls under categories reserved for handlooms. The durability of the cloth is determined with reference to the cover factor of warp and weft yarns used in the cloth. The cover factor shows whether the extent of interlacement of yarn in a square inch of cloth is adequate or not.

8.4. We examined the question of the utility of Schedule II with reference to the manner in which applications for deviation were dealt with. We took up for detailed study 165 cases representing 18% of the cases dealt with for a period of one year commencing from October 1964. Out of the cases studied, only 20 deviation requests were turned down, either on the ground that the resultant cloth would involve superior construction with consequential increase in the consumption of cotton and yarn or that the proposed cloth fell under categories reserved for handlooms. A special study was also made of all cases received in a selected month (September 1965) in order to see whether 'deviations' allowed had resulted in the production of inferior cloth or not. The study revealed that, in the majority of cases the 'deviations' sought were for production of cloth with superior construction, and in the remaining cases, they were for the production of industrial fabrics.

8.5. We are satisfied that the control on standardisation of specifications is unnecessary for the following reasons:—

- (i) It is possible to produce very poor cloth and yet conform to Schedule II. We were informed that in 1956 and 1957, when the mills were given rebate in excise duty for production in excess of their average production, they managed to produce increased quantities of cloth with a view to availing of the excise concession, but the cloth produced was of a very poor quality. This was so even though the cloth produced did conform to Schedule II.
- (ii) We were advised by leading textile technologists that Schedule II laid down only the geometrical specifications of the cloth, which by themselves did not ensure minimum durability. We were informed that there were other factors like mixing of cotton, tensile strength of yarn, the twist of the yarn, processing of cloth, etc. which were even more important in determining the durability of cloth. In effect, Schedule II does not seem to contain all the necessary ingredients for ensuring the durability of cloth.
- (iii) We have already pointed out that in a majority of cases, where deviations were allowed, they were only for superior constructions, *i.e.* for the production of better varieties of cloth, the production of which technically speaking is now prohibited under Schedule II.

We have been informed by the Indian Cotton Mills' Federation and other leading mill owners' associations and trade associations that standard constructions of cloth do not serve any useful purpose. It may be mentioned that Schedule II does not apply to categories of cloth meant for export. The logic behind this proviso is not understood.

Recommendations

8.6. The conclusion emerges that Schedule II does not serve the purpose for which it was introduced but only adds to the administrative work in the Textile Commissioner's office. As already stated the number of cases where requests for deviation were rejected was very small and the type of examination made by the office was of a routine nature. The time

taken in the disposal of applications for deviation was, on an average, a month. In the circumstances, we would recommend the withdrawal of Schedule II in so far as noncontrolled categories of cloth are concerned.

8.7. We may mention, in this connection, that there is a growing awareness on the part of the mills about quality and standards in production. This is borne out by the high reputation which the products of some mills command in the market. These mills have quality control departments and maintain very high standards both in the matter of dry and wet processings. We would recommend that the efforts of the Textile Commissioner should, hereafter, be directed to promoting the setting of quality control departments in the various units of the mill industry. We also take note of the fact that the Textiles Committee Act, 1963, enjoins on the Committee set up under the Act to lay down standards for textiles produced both for internal market and export purposes. We presume that the Committee in furtherance of the objectives of the Act would take steps to ensure standards in the quality of textiles and also evolve a code of discipline to be observed by the members of the industry. We also take note of the fact that out of the Fourth Plan target of production of cloth of 11,400 million yards, the composite mill sector's share is 6200 million yards. Thus the mill industry will have to face very stiff competition. In this context, we feel that sufficient flexibility should be provided to the industry to produce varieties of cloth to cater to an increasingly sophisticated market.

Schedule II-A

Recommendation

8.8. When a statutory control on production and prices was introduced in October 1964, restrictions were placed on the constructional particulars of dhoties and sarees by the introduction of a new Schedule IIA, containing a set of 119 manufacturing particulars. It was, however, found necessary that exemption from Schedule IIA had to be given on a number of occasions. The number of cases where exemptions were given from Schedule IIA since the introduction of statutory controls was 286. This schedule was introduced with the objective of limiting the number of varieties of dhoties and sarees. Having allowed producers to deviate from the schedule in as many as 286 cases, we see little justification to the retention of this schedule.

CHAPTER IX

STATUTORY CONTROLS ON PRODUCTION AND PRICES

GENERAL BACKGROUND

9.1. In our brief resume on the growth of the organisation of the Textile Commissioner, we have indicated how the organisation was initially set up to handle the problem of shortage of cloth arising from demand outstripping supplies in the conditions created by the last world war. Except for a brief period between January and August 1948, statutory controls on prices and distribution of cloth were exercised for a decade from 1943. Price and distribution controls were lifted in 1953 and the industry was left free to market its products at prices which were dictated by the laws of supply and demand. The next few years were marked by a significant growth of the industry. The spindleage increased from 11.4 millions in 1953 to 14.1 millions in 1956. Although expansion of loomage in the organised sector during this period was only marginal, the overall production of cloth increased from 5880 million metres in 1953 to nearly 7300 million metres in 1963 mainly due to increase in production in the decentralised sector. Simultaneously, the man-made fibre industry also made rapid strides and there was adequate supply of cloth to the civilian market, leading to stability in prices of cloth.

9.2. The state of affairs continued until 1959 when prices began to rise appreciably. Cotton production which during the earlier fifties was showing a steady rise year after year began to stagnate after 1956 and the 1959-60 production of 36.8 lakh bales was an all-time low. This brought about a sharp reduction in the monthly average production of cloth from 404 million metres in 1956 and 1957 to 375 millions in 1958 and 1959. In the prevailing circumstances, a voluntary scheme of price discipline was introduced, pegging prices of various varieties to certain levels. The voluntary scheme, which in the first two or three years after its introduction worked satisfactorily, thanks mainly to an increase in the production of cotton in 1960-61 season, began to debilitate from early 1963. The self discipline in the industry, on which this scheme was based and which stabilised prices, could not be enforced for long. The Indian Cotton Mills' Federation, through whose good offices the voluntary scheme was implemented, represented that it would not be possible for the Federation to enforce discipline in prices unless Government recognised and allowed for increases in the various elements of cost. The question of allowing further increases over the voluntary price was considered but it was felt that, as the prices fixed were not based on scientific principles of costing and represented only the ruling prices prevailing in 1959 with some *ad hoc* increases allowed over them, it would not be advisable to permit further increases in cost without taking into account the actual cost of production. It was also realized that under the voluntary scheme, Government did not have powers to enforce prices. In these circumstances, it was decided to control prices on a statutory basis.

STATUTORY CONTROLS

9.3. Price and production controls were accordingly introduced over the manufacture and sale of mill-made dhoties, sarees, long cloth and shirting, covering about 45 per cent of the total annual mill production. Under this scheme, prices were fixed according to a formula based on the Tariff Commission's recommendation which had submitted a report on the cost of production of textiles. A few essential changes were however made in the formula of the Tariff Commission on the advice of technical experts. The formula provided for the cost of cotton, for conversion charges, for spinning and weaving, and for processing items such as bleaching, dyeing, printing and mercerising. Dril was also brought under the statutory scheme of controls from December, 1964. Statutory regulations were issued directing each mill to produce a fixed quantity of cloth under the controlled categories. The minimum percentage obligation of every mill was fixed at a uniform rate of 45 per cent of its civil packing in 1963, with due allowances for execution of Defence and export orders. It was also notified that the prescribed ex-factory prices should be stamped on the cloth pieces.

9.4. Specifications have been laid down indicating the constructional particulars for the five controlled sorts. Production of any controlled sorts outside these specifications cannot be undertaken without written permission of the Textile Commissioner. Mills are not allowed to produce any of the five controlled sorts in other than the controlled sector, nor can any mill produce categories of cloth in the noncontrolled sector with constructions identical to the constructions prescribed for cloth under control. This measure is designed to prevent controlled cloth being sold otherwise than as a controlled variety under a different name. For the administration and enforcement of partial control on production and prices of cloth brought under control, three executive wings have been created in the Textile Commissioner's office under the overall charge of an Additional Textile Commissioner.

EVALUATION OF CONTROL MEASURES.

9.5. Introducing the scheme of statutory controls, the Commerce Minister announced that "Government are fully aware of the difficulties involved in the implementation of a scheme of statutory controls of this nature. The success of the scheme will depend largely upon the cooperation extended by the industry and the wholesale and retail trade, the assistance given by the state governments, the watchfulness of the local vigilance committees and, above all, on the determination on the part of the consumers that all concerned should work the scheme properly and that cloth of the controlled varieties should be sold at the controlled prices". During the discussions the Study Team had with representatives of the industry, it was represented that price and production controls had outlived their utility and, these, especially the production controls, were retarding the growth and development of the industry. Along with our study of other controls we have reviewed the present statutory controls and examined their utility and need for their continuation.

9.6. The reasons put forward before us for the removal of controls are that—

- (a) the imposition of statutory controls has thrown out of gear the production programmes of the mills;

- (b) the statutory definitions have introduced a rigidity with the result that individual mills are unable to produce in adequate quantities categories of cloth which are fast moving;
- (c) stocks of cloth with mills are abundant and in a situation where the pipeline of supply was full there was no need to continue controls.

9.7 We have examined the above complaints. A great deal of flexibility has been introduced in the actual implementation of controls. While fixing the obligation, due consideration has been given to the production pattern of the mills, prior to the introduction of controls. Concession has been given to mills for executing orders against Defence requirements and exports. The obligation has been spread over the selected controlled categories in more or less the same proportion in which the varieties were produced in 1963 keeping in view the technical feasibility and production of linkable non-controlled sorts. The facility of bulking the obligations of mills under the same management has been allowed. Under this arrangement it is not necessary for every unit under the same management to fulfil its obligation separately in respect of each of the controlled sorts so long as the overall obligation is fulfilled by the group as a whole for each of the sorts. From an examination of the performance of mills it was observed that in some cases mills exceeded their obligations in respect of controlled categories, as may be seen from the following table:—

	Obligation	Packing	(000 metres) %packing
Dhoti	284,292	273,809	96.3
Saree	290,010	283,533	97.7
Longcloth	470,372	550,913	117.13
Shirting	507,529	509,245	100.3
Drill	81,989	75,826	92.65
	1,634,192	1,693,326	(103.7%) average

The above would indicate that the Pattern of production of mills has not been disrupted to any great extent. It needs to be stressed here that control is only partial and there are any number of categories of cloth which mills can freely produce without hindrance.

9.8 We do agree that statutory definitions have brought in a measure of rigidity. It is, however, axiomatic that price controls cannot work unless the article whose price is controlled can be described in exact specifications; otherwise producers effectively escape control by reducing quality. Controls necessarily demand standards and compulsions. This is especially so in a scheme where only part of the production is under control. Even here, we notice that the Textile Commissioner has brought about a measure of flexibility in operation. It has been provided that mills which are unable to produce controlled sorts because of technical reasons

may offer more or less identical non-controlled sorts to the obligation pool by stamping them by the name of the controlled sorts against which they are offered and fixing their prices according to the prescribed formula.

9.9. In so far as the stock position is concerned, we may mention that our tours and discussions at different centres took place during the latter half of 1965 which was immediately after the hostilities with Pakistan. During the period of hostilities and even afterwards there was no lifting of stock for the north Indian markets resulting in substantial accumulations. This unfortunately gave the impression that there was abundant supply. Subsequent developments have, however, belied this as may be seen from position of stocks indicated below:—

Month	Stock of cloth (lakh bales)			
	Controlled	Non-controlled	Total	
1965	June	1.38	2.17	3.55
	July	1.44	2.31	3.75
	August	1.60	2.26	3.86
	September	1.85	2.37	4.22
	October	1.84	2.45	4.29
	November	1.74	2.25	4.09
	December	1.56	2.16	3.72
1966	January	1.33	1.97	3.30
	February	1.00	1.68	2.68
	March	0.99	1.76	2.75

It will be seen that stocks have moved down considerably and today the stock position, representing only about a month's production, is the lowest on record for the last two years. We have also to take note of the fact that against the cotton requirements of the industry are growing, but the estimated production this year is only 54/55 lakh bales as against an estimated consumption of 60 lakh bales. The basic objective with which controls were introduced was to ensure an adequate supply of cloth of popular varieties at reasonable prices for common mass consumption. We are satisfied that this objective has been fulfilled.

Recommendation

9.10. In the circumstances stated above, the Study Team recommend that controls on production and prices of cloth should continue for the time being. We would, however, recommend that control on prices and production should not be perpetuated for ever, but should be subjected to review periodically, having regard to the availability of cotton and the supply position of cloth, with a view in determining the feasibility of its withdrawal.

CHAPTER X

REGULATIONS REGARDING MARKINGS ON CLOTH AND YARN

10.1. Among the control measures exercised by the Textile Commissioner with regard to the cotton textile industry are the regulations regarding markings on cloth and yarn. These are complementary to the Textile (Production Control) Orders. The basic objective of markings is to identify the source of production of cloth. In case contraventions of any control orders are noticed, markings make possible to trace the cloth to the primary producer. In so far as varieties of cloth subject to production and price controls are concerned, prices are also required to be stamped on cloth pieces to protect consumers from being charged more than the controlled prices.

10.2. Powers have been vested in the Textile Commissioner under clause 22(i)(b) of the Cotton Textiles (Control) Order to specify "the markings to be made by a manufacturer or dealer on any class or specification of cloth or yarn manufactured or sold by him and the time and manner of making such markings". The Textile Commissioner by his Notifications No. TC(6)/1/44 dated 19th February, 1944 and No. 80-Tex 1-48(iii) dated 2nd August, 1948, has prescribed the specific markings to be made on cloth and yarn. Markings to be made on bales containing cloth pieces, and on yarn, in bundles and bales, have also been prescribed. Independent of the provisions of the Textile Control Order, under the Trade and Merchandise Marks Act, 1958, also certain markings are to be made on cloth and yarn. Under this Act, each piece of cloth has to contain markings relating to the name of the manufacturer, the type of the cloth and its dimensional particulars. We have examined the stampings prescribed under each of these regulations with a view to eliminating overlap and also those markings which have outlived their utility.

MARKINGS ON CLOTH

10.3. Every manufacturer of cloth (both composite mills and powerloom factories) has to obtain a registration number from the Textile Commissioner termed as a "tex-mark" number which has to be stamped on all pieces of cloth produced by him for sale. A "tex-mark" has to be obtained from the Textile Commissioner as soon as a mill is ready for production. In addition to the tex-mark the following markings are required to be made on cloth pieces:—

- (i) the month and year of packing;
- (ii) separate manufacturer's number where the cloth is produced in several varieties under different manufacturing particulars;
- (iii) the category of cloth, viz., coarse, medium B, medium A, fine and superfine—as the case may be;
- (iv) length in metres and width in centimetres; and

- (v) the tex-mark number of the processor when the cloth is produced by a powerloom factory but is subsequently processed by a mill or processor.

10.4. In addition to the above markings, which are to be made on all types of cloth (whether under control or outside control), the following special markings have to be made in respect of the five categories of cloth under control:—

- (i) mill's serial number;
- (ii) the description of the cloth, viz., 'dhoti', 'saree', 'long-cloth', 'shirting', or 'drill', as the case may be;
- (iii) ex-factory price;
- (iv) retail price;
- (v) excise duty;
- (vi) octroi extra;
- (vii) controlled cloth; and
- (viii) "seconds", if the cloth is specified as such.

Recommendation

10.5 It will be noticed that there is some overlapping in the provisions for markings prescribed by the Textile Commissioner and those prescribed by the Trade Marks Registry in regard to manufacturers' name, length and width and the type of cloth by which it is commonly known. We were given to understand that prior to 1958, the markings prescribed under the Trade and Merchandise Marks Act were voluntary. It was suggested by the Trade Marks Registry that the above provisions might be incorporated into the Cotton Textile (Control) Order so that any infringement noticed could be dealt with under the Cotton Textiles (Control) Order. Since the provisions of the Trade and Merchandise Marks Act are now compulsory, we do not see the need for more or less identical markings being prescribed by the Textile Commissioner.

10.6 In so far as other markings are concerned our recommendations are as under:—

(a) Merchants Trade Number

Under the Textile Commissioner's Notification No. T.C. (24)/1/52 dated the 16th June 1955, every producer is expected to furnish true and accurate information to the Textile Commissioner, regarding the details of the cloth sorts produced by him, together with their constructional particulars. The return is to be submitted in a prescribed form called "P-1". The details so furnished are to be scrutinised in order to ensure that production is in conformity with the Cotton Textile (Control) Order. The merchants trade number stamped on cloth sorts enables the linking of the sorts with the number given in the P-1 form. We have separately suggested dis-continuation of the P-1 form. In view of this, it is not necessary to insist on the merchants' trade number being stamped on cloth pieces.

(b) Month and year of packing

Markings regarding month and year of packing came to be introduced when there were restrictions on holding of stocks and disposal of stocks with a view to maintaining a regular flow of cloth in the market. With the removal of distribution controls in 1953, this provision has lost its significance. We, therefore, recommend that there should be no compulsion on the mills to stamp the month and year of packing. These markings may, however, continue in respect of controlled varieties.

(c) Markings regarding Category of Cloth

Markings are also to be made on cloth indicating its category viz., coarse, medium B, medium A, fine and superfine depending upon the average count of yarn used in the cloth. Since excise duty is levied with reference to the average count of yarn used in the cloth, it is desirable that this provision relating to marking of the category of cloth should continue.

(d) Markings on Controlled Cloth

We suggest that the existing markings prescribed for the controlled categories of cloth be continued, so long as price and production controls continue.

Markings on yarn

10.7 Under the Textile Control Order, the following markings are prescribed to be stamped on yarn bundles:—

- (a) tex-mark number;
- (b) month and year of packing; and
- (c) count of yarn.

The markings prescribed under the Trade and Merchandise Marks Act, in so far as yarn is concerned, are:—

- (i) manufacturer's name;
- (ii) count of yarn; and
- (iii) weight of yarn in the bundle.

Recommendation

10.8 In the absence of distribution control on yarn, there would seem to be no justification for insisting on the marking of month and year of packing. The manufacturer's name and the description of yarn which are required to be stamped on yarn bundles under the Merchandise Act are considered adequate. We recommend, therefore, that the markings prescribed under the Textile Control Order be removed.

Markings on bales of cloth and yarn

10.9 The markings prescribed by the Textile Commissioner are:—

Cloth bales

- (1) manufacturer's tex-mark number;
- (2) month and year of packing;

- (3) in the case of bales containing controlled cloth, the marking "contents price stamped",
- (4) "grey", "bleached", or "coloured"—correctly describing the contents of such bale; and
- (5) classification of contents such as "seconds" "fents", "rags", "chindies", "damaged pieces"—correctly describing the contents.

Yarn bales

- (1) manufacturer's tex-mark number;
- (2) month and year of packing; and
- (3) count of yarn and minimum lea breaking strength in lbs.

Recommendation

We recommend that for cloth and yarn bales the existing markings may continue except that the manufacturer's name may be substituted for his tex mark number and that stamping of month and year of packing may be discontinued.

CHAPTER XI TEXTILE MACHINERY

SECTION 1

ORGANISATION FOR THE DEVELOPMENT OF TEXTILE MACHINERY

11.1 After statutory production and distribution controls were withdrawn in 1953, there was a marked shift of emphasis in the role of the Textile Commissioner and the organisation came to assume more and more developmental functions. With the rising tempo of economic development, the per capita demand of cloth was rising and in order to meet the increased cloth requirements the various sectors of the textile industry had to be substantially and systematically developed. The planning and development of the textile machinery manufacture being necessary adjuncts to the growth and development of the textile industry, the work relating to the textile machinery manufacture was transferred from the Directorate General of Technical Development to the Textile Commissioner in 1955.

11.2 For about a decade now, the Textile Commissioner has been responsible for the development of the textile machinery manufacturing industry. During this period, the industry has made marked progress. Production of textile machinery and parts which was of the order of Rs. 7.6 crores during the year 1953 rose to Rs. 22 crores during 1965. A target of 19.35 million spindles is envisaged for the Fourth Plan to produce 1250 million kilograms of yarn. This means an additional installation of 3.2 million spindles. It is also expected that over 20,000 additional looms will be installed in the cotton textile industry to attain the mill target of 5500 million metres of cloth. In the worsted sector of the woollen industry, an expansion by 10,000 spindles and 300 looms has been planned. Apart from expansion it is also expected that 2.7 million spindles and 33,000 looms in the organised sector of the cotton textile industry and 7500 looms in the powerloom sector will have to be replaced by the end of the Fourth Plan. In addition, it is expected that about Rs. 25 crores of machinery will be required for replacement in the woollen industry and Rs. 32 crores in the art silk industry. In all, therefore, a total demand of Rs. 400 crores worth of machinery is envisaged to be required for the Fourth Plan. The task involved is of great magnitude and it is, therefore, of the utmost importance that the organisation which is to be placed in charge of development of textile machinery manufacture should be a well integrated one in order that there may not be any short-fall in the production of textile machinery. We have, therefore, initially addressed ourselves to the question of the organisational requirements for this very important programme.

11.3 We have been given to understand that a tentative decision has been taken to transfer the technical responsibility relating to the manufacture of textile machinery from the Office of the Textile Commissioner to the Directorate General of Technical Development. The draft order, transferring the work to the Directorate General of Technical

Development, a copy of which has been made available to us, reads as under :—

“Licensing of new and additional capacity for manufacturing textile machinery under the Industries (Development and Regulation) Act, approval of technical collaboration agreements and phased manufacturing programmes in relation to import of components will be looked after by the Directorate General of Technical Development, New Delhi, in consultation with the Textile Commissioner, Bombay.”

“The Directorate General of Technical Development will hereinafter formulate import policy for textile machinery in consultation with the Textile Commissioner. The Textile Commissioner will be the sponsoring authority for issue of import licences under A.U./Credits/E.P.S. for textile mills and textile machinery manufacturers and recommend issue of licences for imports in accordance with import policy.”

11.4 The grounds on which it is proposed to transfer the work are—

- (1) The textile machinery manufacturing industry is essentially an engineering industry and while there can be and has to be some specialised engineering capacity in textile machinery manufacture, the industry has to be considered as part of the total engineering capacity in the country. The textile machinery industry has often to lean on other sectors of the engineering industry (e.g., for castings and components) and could itself assist these other sectors of the engineering industry in a similar manner.
- (2) The Textile Commissioner's Office does not have competent technical staff to look after textile machinery work.
- (3) The Textile Commissioner being primarily interested in the expansion, modernisation and rehabilitation of the cotton textile industry, would give a relatively low priority for the development of indigenous machinery manufacture.

11.5 The Study Team has examined in detail the present procedures relating to (a) licensing of textile machinery manufacture, (b) allocation of capital goods to textile machinery manufacturing industry, and (c) allocation of raw materials and components for the industry, with reference to the present distribution of work. We have found considerable delays in the processing of applications for licensing and for approval of foreign collaboration terms. We are anxious that the delays in this regard should be cut down to the minimum in order that the procedures of licensing do really help and not retard the growth of the industry. The most effective way of reducing delays is to create as few agencies as are absolutely necessary in the processing of applications for licences, issue of capital goods and approval of foreign collaborations. The existence of a number of agencies dilutes responsibility at various levels with the result that no agency can singly be held responsible for the attainment of targets. In this context, we are of the opinion that the number of agencies scrutinising applications should be limited to the barest minimum.

11.6 There has also to be close coordination between the engineering industry which produces the capital goods and the user industry which

actually installs and works them. Where feasible, it is most desirable that a single agency be made responsible for both. In view of our foregoing observation, the proposal to transfer the work relating to the development of the textile machinery manufacture to the Directorate General of Technical Development does not seem to be a step in the right direction.

Recommendation

11.7 The main reason advanced for the transfer of work of textile machinery manufacture to the Directorate General of Technical Development is that the work relating to development of all engineering sectors should be centralised under one organisation. The Study Team which went into the working of the organisation of the Director General of Technical Development has also held the view that while separate technical organisations can look after the development of the actual production of the commodity concerned, the development of the plant and machinery required by these industries would have to continue to be looked after by the Director General of Technical Development, as they would form part of the engineering industry, whose development would remain a charge of the Director General of Technical Development. The idea by itself is unobjectionable. We are, however, of the opinion that there should not be any doctrinaire approach to this problem and in cases where specialised knowledge, apart from general engineering background, is required for the development of a particular sector of the engineering industry, it should not be insisted that the work should be looked upon as a part of the general engineering industry merely for the sake of ensuring uniformity. In all these cases, we believe, our approach should be how best the particular line of the industry can be developed and not whether a uniform approach in so far as the engineering industries are concerned is necessary or not. Where an engineering industry can be isolated from the Director General of Technical Development, having regard to the special requirements of the particular branch of the industry, there should be no hesitation to keep it as a separate entity, and seek other means for ensuring co-ordination with the Director General of Technical Development.

11.8 In the context of the above remarks, we have examined the merits of transferring the work of the Directorate General of Technical Development.

- (a) Representatives of the textile machinery manufacturing industry who met us categorically told us that textile machinery manufacturing industry, although an engineering industry, had special features which were understood only by textile technologists. The quality of cloth and its production at economic cost will depend upon the types of machinery used in the manufacture of cloth. We were told that, although, a knowledge of engineering might be considered desirable to make an assessment of a proposal for installation of a unit and for considering its economic viability, and for determining what types of machine tools are necessary, the question of production of a particular item of textile machinery was governed by other factors, such as, productivity, capacity and performance which are understood only by those who are intimately connected with the manufacture of textiles. We consider, therefore, that the orientation of the development

programmes of textile machinery manufacture to the needs of the textile industry should take precedence over mere coordination with the general engineering industry. It was for this reason that even the proposed textile machinery wing in the D.G.T.D. was to be placed under the charge of a textile technologist.

- (b) It is conceded that even after the transfer of the textile machinery to the D.G.T.D. the work relating to the licensing of new units, technical collaboration and phased manufacturing programmes will have to be done in close liaison with the office of the Textile Commissioner. We do not see any justification to transfer the work from the Textile Commissioner to the D.G.T.D. when it is made obligatory, on the latter to consult the Textile Commissioner. This is likely to lead to delays in the processing of applications for licences and for approval of foreign collaboration. Our studies relating to industrial licensing revealed that the average time taken for the issue of a letter of intent was 196 days from the date of application and the average time taken in the issue of an industrial licence was 458 days. With the transfer of work from the Textile Commissioner to the D.G.T.D. the procedure is bound to get further lengthened; with consequential delays and back references.
- (c) We are unable to appreciate the point how the Textile Commissioner would not be interested in the development of textile machinery manufacture especially when he has been made responsible for the attainment of textile targets. On the contrary, due to paucity of foreign exchange, the Textile Commissioner would have no alternative but to take urgent and effective steps to develop the machinery manufacturing industry within the country to make good the deficit.
- (d) The Textile Commissioner is able to co-relate the needs of the textile industry with the production programmes of textile machinery manufacturers. The absence of this link, we fear, might lead to production of out-dated and unwanted machinery.
- (e) Textile machinery and spare parts are also manufactured in units which are not licensed under the Industries (Development and Regulations) Act. We understand that there are about 400 units in the small scale sector. It is of vital importance that the production programme of the small scale sector should be effectively coordinated with that of the medium and large scale in order that there is no duplication or excessive production of one item. This is presently being achieved with considerable success by the Textile Commissioner, being the single authority in charge of the production programme of both. The transfer of work of the licensable units to the D.G.T.D. would result in a break down of such coordination.
- (f) It is proposed that the D.G.T.D. "will hereinafter formulate import policy for textile machinery in consultation with the Textile Commissioner" while the Textile Commissioner will

function as the sponsoring authority for the issue of import licences under A.U./Credits/E.P.S. for textile mills and textile machinery manufacturers and recommend issue of licences for imports in accordance with import policy. We fear that this bifurcation of function will lead to delay in the import Branch of the Textile Commissioner's office. The Textile Commissioner would have to consult the D.G.T.D. frequently for obtaining clearance from the indigenous angle. The Textile Commissioner has been made responsible for the achievement of export target of textiles which is a major foreign exchange earner. It is feared that exports might suffer if the Textile Commissioner is not enabled to exercise his discretionary powers in allowing import of specialised types of machinery to exporting mills.

- (g) As already stated, it has been recognised by the Ministry of Industry that, even after the transfer of work to the D.G.T.D., the work should be done in co-ordination with the Office of the Textile Commissioner. This would necessarily mean that complementary staff will have to be stationed in the Textile Commissioner's Office for this purpose. At present the work relating to textile machinery is attended to by the following staff:—

Director (Rs. 1300—1600)	1
Asstt. Director (Gr. I) (Rs. 400—950)	1
Asstt. Director (Gr. II) (Rs. 400—680)	2
Superintendent (Rs. 350—475)	1
Technical Investigators (Rs. 320—530)	3
Assistant (Rs. 210—425)	1
U.D.C. (Rs. 130—300)	3
Stenographers (Rs. 130—300)	1
L.D.C. (Rs. 110—180)	9
Daftry (Rs. 75—95)	1
Peon (Rs. 70—85)	3

We understand that it is proposed to have the following staff in the D.G.T.D. to deal with the work relating to textile machinery:—

Technical Staff:

O.S.D. (of the rank of I.A. in the scale of Rs. 1800—100—2000)	1
Development Officer (in the scale of Rs. 700—1600)	2
Asstt. Development Officer (Rs. 400—950)	2
Junior Technical Officer	2

Ministerial Staff:

Section Officer (Rs. 400—900)	1
Assistants (Rs. 210—425)	2
U.D.C. (Rs. 130—300)	2
L.D.C. (Rs. 110—180)	2
Stenographers (one for O.S.D. and another for D.Os.) (Rs. 210—425)	2
Steno-typist (For two A.D.Os.) (Rs. 110—180)	1

There may not be appreciable reduction in the present number of staff sanctioned to the Textile Commissioner's office after the transfer of work. The transfer of work would thus result in increase of administrative expenditure apart from delays and duplication of work.

Recommendation

11.9. In the circumstances stated above, the Study Team recommends that the work relating to the development of textile machinery should continue to be dealt with by the Textile Commissioner. Its transfer to an outside agency as we have already pointed out, would result in lack of co-ordination leading to avoidable delays and increase in administrative work and expenditure. It will also enlarge the stages at which controls and regulations are exercised.

Recommendation

11.10. We, however, recognise that there is force in the criticism that the Textile Commissioner's office does not have sufficient experienced staff to look after the development of the textile machinery manufacture. We believe that this deficiency can and should be made good by posting a qualified mechanical engineer in the Machinery Branch rather than by transferring the entire work for this reason to the D.G.T.D. Considering the fact that other technical personnel in the Textile Commissioner's office belong to the category of textile technologists we recommend that a mechanical engineer, who has specialised in textile engineering should fill up this post. If a suitable candidate is available in the organisation of the D.G.T.D., he should be drawn from the cadre of that organisation. This will ensure proper co-ordination with the D.G.T.D.

Recommendation

11.11. We should like to state here that we do not rule out the very useful role which the Director General of Technical Development can play in the licensing and development of textile machinery manufacture. Hitherto the comments of the Director General of Technical Development were not obtained in the licensing of capacity for textile machinery manufacture. We recommend that a copy of each licence application should be forwarded to the Directorate General of Technical Development by the secretariat of the Licensing Committee for scrutiny. The advice of the Director General of Technical Development should go to the secretariat direct. The secretariat should not, however, have to wait for obtaining the comments of the Director General of Technical Development before preparing the case summary for the Licensing Committee. If within the stipulated period, the advice of the Director General of Technical Development is received, then it should be incorporated in the case summary. If not, the secretariat should proceed with the preparation of the case summary on the basis of the advice of the Textile Commissioner. The Director General of Technical Development may, in such circumstances, offer his comments at the meeting of the Licensing Committee on which he is represented.

11.12. Applications for import of capital goods for textile machinery manufacture are not referred to the Central Capital Goods Committee but are considered by the *Ad hoc* Capital Goods Committee located at Bombay. It should be possible for the Directorate General of Technical Development to send a representative to attend meetings of the local Capital Goods Committee (which do not take place very frequently) whenever applications for

import of machine tools are considered. Indigenous clearance in regard to the import of these items should also be given by the Director General or Technical Development at these meetings, thereby eliminating the necessity for the Textile Commissioner to make references to the Director General of Technical Development.

SECTION II

INDUSTRIAL LICENSING

11.13. Textile machinery manufacture is an industry included in the schedule appended to the Industries (Development & Regulation) Act, 1951. The procedure for licensing a unit which requires a licence under the Industries (D&R) Act has been examined in this section. Prior to the report of the Industries Development Procedures Committee (Swaminathan Committee) all applications seeking to establish any of the industries mentioned in the schedule to the I.D.R. Act were considered straightaway for grant of licences by the Licensing Committee. The Swaminathan Committee on investigation found that a large number of licences remained on paper without being implemented. Revocation of licences in such cases had to follow a statutory procedure which was necessarily time-consuming. The Committee took note of the fact that substantial capacity was blocked by infructuous licensing and suggested a procedure for dealing with all applications for setting up an industry in two stages. At the first stage, a preliminary application setting out the broad features of the manufacturing activity is scrutinised by the Licensing Committee with reference to the comments received from the sponsoring authority, after which if the capacity is available, a "letter of intent" is issued. The letter of intent broadly indicates the conditions subject to which the Government would be prepared to consider the grant of a licence and also enables the applicant (i) to negotiate the foreign collaboration terms, (ii) to make an assessment regarding the import of capital goods required by him, and (iii) to make necessary arrangements for raising internal and external finances. The Swaminathan Committee further recommended a special procedure for 'key' industries in order to deal simultaneously with all the other clearances involved, viz. approval of foreign collaboration terms, approval for import of capital goods, and issue of capital together with the licence. It was envisaged by the Swaminathan Committee that where parties did not make adequate progress within the time stipulated in the 'letter of intent', it should automatically be deemed to have become inoperative. According to the Swaminathan Committee the entire process of application upto the stage of issue of the letter of intent should follow the following time schedule:—

Finalisation of comments of the technical advisers	3 weeks
Preparation of summary for the Licensing Sub-Committee by the administrative Ministry	1 week
Performing the centralised functions of receiving and diarising of the application, acknowledging it, forwarding it to the administrative Ministry, inviting comments of the technical advisers and others concerned and finally putting up to the Licensing Sub-Committee for decision	1 week
Finalising the minutes of the meeting of Licensing Sub-Committee and communicating the decision to the applicant	1 week
TOTAL	6 weeks

11.14. In order to appreciate the progress made in speeding up the issue of industrial licences consequent on the implementation of the recommendations made by the Swaminathan Committee, we conducted case studies of industrial licences issued before the Swaminathan Committee's Report came into operation and cases which were dealt with in accordance with the Committee's recommendations. The results of our studies are indicated below.

Pre-Swaminathan Report Cases

11.15. We took up 10 cases for study, having selected them from 99 relating to grant of industrial licences for the period 1963. As per the procedure then obtaining, applications for industrial licences were received in the Ministry of Industry from where copies were forwarded to the various prescribed authorities, including the advise agency concerned, in this case the Textile Machinery Branch of the Textile Commissioner's Office. On receipt of comments, the brief for the Licensing Committee was prepared by the Ministry of Industry. Our study revealed that the time taken to issue industrial licences ranged from 91 days to 1068 days, the average being a little over 400 days. Out of the 10 cases taken up for study, six were those where foreign collaboration terms submitted by the licensees had been approved by the Government, while in one case foreign collaboration terms were still under consideration. In another case the party had still to submit foreign collaboration terms. In two cases foreign collaboration terms were not approved. The average time taken between the date of receipt of application for foreign collaboration and its approval by the Government was 360 days. It was noticed that in some cases proposals for foreign collaboration were received after licences were issued.

We have not considered it necessary to make any recommendation on the basis of this part of our study as the entire procedure is now different.

"Post-Swaminathan Report" Cases

11.16. The scrutiny of license applications is now made in two stages. The first stage leads to the issue of a letter of intent. The second, after the aspects of foreign collaboration and import of capital goods have been considered, culminates in the issue of the license itself. The steps involved in the case of applications for textile machinery units are listed below:—

Name of the Section	Action taken
1. CLP Section of the Ministry of Industry.	Acknowledges the application after registration, ensures that the treasury payment has been made, and endorses copies to various authorities with a request to forward comments within the prescribed period to the MEI Section of the Ministry.
2. Textile Machinery Branch of the Textile Commissioner's Office.	Scrutinises the applications from different angles and forwards comments separately on (i) production programme <i>vis-a-vis</i> targetted capacity and (ii) collaboration terms in general.

Name of the Section	Action taken
3. MEI Section, Min. of Industry.	Ensures receipt of comments from all relevant parties also consults Ministry of Railways and Ministry of Mines & Metals regarding transport and fuels, prepares summaries and puts up the processed cases to the Licensing Sub Committee for consideration.
4. Licensing Sub-Committee	Generally meets once a fortnight and considers the summaries prepared by the MEI Section and decides to issue or not to issue the letter of intent.
5. MEI Section, Ministry of Industry.	Issues letters of intent or rejection letters. Awaits further details regarding foreign collaboration terms clearance from C.G. Committee for imports, Textile Commissioner's comments etc.

(In the three cases where industrial licences were issued, foreign collaboration terms and clearance for import of capital goods were given by the Ministry and local Capital Goods Committee without further reference to the Licensing Committee.)

11.17. Although the revised industrial licensing procedure envisages submission of applications for foreign collaboration and clearance of capital goods only after the issue of 'letter of intent', in all the cases taken up for study applications giving preliminary terms proposed for foreign collaboration were submitted along with the license applications.

Case Studies

11.18. We took up 11 cases for study out of 41 applications under the 'letter of intent' procedure. In two cases, it was noticed that the applicants were already in the field of manufacture of textile machinery and have initially applied only to get approval for foreign collaboration terms for manufacture of 'new' items. One case was only for revision of foreign collaboration terms. Of the remaining cases, two did not involve foreign collaboration. Our study revealed that the average time involved in the issue of a letter of intent from the date of application was 196 days. The time taken by the Textile Commissioner in forwarding comments to the Ministry was 102 days. Of the eleven cases taken up for study, in three industrial licences have been issued. The average time taken in the issue of industrial license was 458 days from the date of application. The time taken in the approval of foreign collaboration terms ranged from 151 days to 611 days, average time being 440 days. The time taken by the Textile Commissioner in forwarding his comments on foreign collaboration terms worked out to 158 days. The time taken in the MEI Section after receiving the application with the comments of the Textile Commissioner and before issue of letter of intent ranged from 35 to 116 days—average being 43 days. The time taken in the scrutiny and approval of foreign collaboration terms after the proposals were received with the comments of the Textile Commissioner was 140 days.

11.19. We examined why licenses were held up in the seven cases where letters of intent were issued. The reasons are as under:—

Clearance of capital goods	2 cases
Parties asked to apply for manufacture of new items (where foreign collaboration already approved)	2 cases
Clearance of C.G. Committee given but EC not issued	1 case
Parties asked to bring about modifications in foreign collaboration terms	2 cases

11.20. The Mathur Study Team which went into the working of the Directorate General of Technical Development, after examining the role of the Ministry of Industry and other administrative ministries in industrial licensing, came to the conclusion that the present practice of considering applications in a consecutive sequence should be done away with. It noted that if all major interests represented on a committee have previously to consider individual items on a file moving from one to another office, the whole point in having a committee is largely lost. Accordingly it suggested the following procedure:—

- (a) The responsibility for preparation of case summaries for the Licensing/Rejection Committees should be placed on the secretariat of the Licensing Committee instead of residing in the various administrative ministries.
- (b) The advice of the DGTD on applications for licences should go direct to the secretariat of the Licensing Committee with a copy to the administrative ministry concerned.
- (c) The secretariat should proceed with the preparation of a case summary for the Licensing/Rejection Committee as soon as the advice of the DGTD is received. If within ten days of receipt of technical advice, the views of the administrative ministry also come in, they should be incorporated in the case summary and the item brought on the agenda for the next meeting. Otherwise, the case summary should be finalised without waiting for the comments of the administrative ministry. In other words, in all cases, case summaries should be ready for submission to the Licensing/Rejection Committee within 10 days of the receipt of technical advice.
- (d) Administrative ministries should arrange for quick consideration of cases in the light of technical advice received from the DGTD. After an application has received the orders of the Licensing/Rejection Committee, the decision should be communicated to the applicant by the secretariat.
- (e) The comments of state governments should also go direct to the secretariat of the Licensing Committee.

The Mathur Study Team recommended that the above procedure may be considered for application to sectors looked after by technical agencies other than the D.G.T.D. also.

Recommendations

11.21. We find from our case studies that the malaise here is much the same as that for which the Mathur Study Team suggested the above remedial measures. It is our considered view that these measures could, therefore, be applied to textile machinery cases with advantage, and we recommend accordingly. Two clarifications are, however, necessary. Firstly, although the Ministry of Commerce is the administrative ministry for textile work, in the case of textile machinery license cases are handled by the MEI Section of the Ministry of Industry. Therefore, the modified role visualised by the Mathur Study Team for administrative ministries will in this case be applicable to the MEI Section. Secondly, consistent with our recommendation in para 11.11, the DGTD should also be included in the list of those to be consulted so far as textile machinery applications are concerned.

11.22. We also find ourselves in agreement with the Mathur Study Team's recommendation in regard to handling procedure within the technical advice agency and in the Ministry of Industry, and recommended their adoption here. Within the Textile Commissioner's Office, the Textile Machinery Branch should not take more than 21 to 45 days to forward comments to the secretariat of the Licensing Committee

SECTION III

IMPORT OF CAPITAL GOODS REQUIRED BY TEXTILE MACHINERY MANUFACTURERS

11.23. The Swaminathan Committee recommended that applications for import of capital goods should be disposed of within three weeks from the date of receipt of application. A study was undertaken to examine the time involved from the date of issue of a letter of intent upto the stage of issue of an essentiality certificate for import of capital goods. We took 15 cases up for study, of which 11 related to applications for industrial licensing referred to in the earlier section. The cases fell in the following categories:—

(a) Cases where letters of intent had issued	6
Cases out of (a) where industrial licences had also issued.	3
(b) Cases where industrial licences had been issued straightaway, without first issuing letters of intent	
(c) Cases where only approval of foreign collaboration terms were involved	3
	15

Out of the nine cases in category (a) six parties had applied for import of capital equipment and machine tools while the remaining three had still to submit applications. Out of the three cases in category (b) two had applied for import of capital equipment, while the third had stated that he did not require any imported equipment. In all, therefore, 8 parties had applied for capital goods so far. Of these 8 cases, essentiality certificates had been issued in full or in part in five cases, after obtaining the approval of the local Capital Goods Committee. Of the remaining cases, one was

yet to be put up to the Committee. Two cases had not gone up to the Committee as the value of machinery was below Rs. 5 lakhs: essentiality certificates had not yet been issued in these two cases because foreign exchange was not available.

11.24. The study revealed that on an average 353 days were taken in the office of the Textile Commissioner to issue essentiality certificates to the parties for import of capital goods, the break-up being as:—

(i) Time taken by the Textile Machinery Branch to submit the case to the local C.G. Committee	206 days
(ii) Time taken by the local C.G. Committee to take a decision on the case	32 days
(iii) Time taken by the Textile Machinery Branch to issue an essentiality certificate after approval of the decision of C.G. Committee was available	115 days
TOTAL	353 days

This appears to be very much on the high side, although account has to be taken of the fact that non-availability of foreign exchange is a delaying factor over which there is no control. We have tried to see how the period can be shortened.

11.25. The time taken by the Machinery Branch for initial handling of an application was on an average 206 days. This was mainly because considerable time was taken by parties to furnish complete literature regarding the machinery items to be imported.

The time taken by the Director General of Technical Development in indigenous clearance ranged from 22 days to 73 days. In the three cases which are pending with the Textile Machinery Branch, no reference had been made to the Director General for indigenous clearance: the reasons for this are not known. It may, however, be mentioned that the earlier cases were put up to the C.G. Committee in anticipation of clearance from the D.G.T.D. and the cases were approved by the Committee subject to the D.G.T.D. giving clearance on the indigenous angle later.

11.26. We examined the reasons for the delay of 115 days taken by the Machinery Branch to issue essentiality certificate even after clearance had been given by the Capital Goods Committee. It would appear that the Committee assessed only "essentiality" and certificate could not be given thereafter for want of foreign exchange. In the cases (out of 5) essentiality certificates could not be given in time because there was no credit available from the sources which had been indicated by the parties in their applications. Hence, the parties had to be asked to submit revised proforma invoices. In one case, the foreign exchange loan (ICICI) was sanctioned to the party 162 days after the date of approval by the Capital Goods Committee.

Recommendations

11.27. The Mathur Study Team which went into the working of the Directorate General of Technical Development made the following recommendations to streamline procedures regarding the import of capital goods:—

- (i) A revised form of application was suggested which would ensure that parties gave all the relevant information necessary for the use of the D.G.T.D. and the Chief Controller of Imports and Exports in the very first instance and reduced the need for back references. We suggest that the same form should be presented for use by importers of Capital goods here.
- (ii) A check list was suggested to facilitate initial scrutiny of applications. The list included the following points:
 - (a) Whether the application is with reference to any scheme specifically covered by an industrial licence/registration.
 - (b) Whether prescribed copies of the covering letter/application form/lists of equipment, have been received.
 - (c) Whether the list of equipment is duly attested by the applicant.
 - (d) Whether every column in the application form has been filled completely or precisely.
 - (e) Whether supporting proforma invoices have been furnished.
 - (f) Whether manufacturers' illustrated descriptive pamphlet of machinery to be imported has been furnished.
 - (g) Whether the value of application differs from that indicated originally in the application for industrial licence/registration and whether reasons have been furnished.
 - (h) Whether the items to be imported are adequately described to enable easy assessment in the D.G.T.D. as to their being available indigenously or even to their being generally essential for the proposed production programme.
 - (i) Whether the items applied for covering the complete requirements of the project with reference to the condition laid down in the industrial licence/approval for capacity for phased manufacturing programme giving the extent and justification for the variation.
 - (j) Whether the names of indigenous sources of supply already contacted are indicated together with the nature of response thereon.
 - (k) If the import application is not for expansion/new units but for purposes of balancing the existing machinery or replacement, whether justification therefor has been given.

It was suggested that after initial scrutiny on the above lines, an acknowledgement-cum-deficiency card should go to the applicant within seven days. A similar procedure should be followed here too.

11.28. Although the period of 206 days spent on initial scrutiny included the time taken to correspond with the party for more information, it still incorporates the factor of considerable delay in the branch. We would, therefore, like to suggest a time-table for the disposal of applications for import of capital goods. In drawing up this time table, we have taken into account the fact that the application for import of capital goods will now be in more self-contained form and the party would also furnish complete illustrated literature alongwith the application. The aim should be to keep within a range of 23 to 28 days for the processing of an application upto the stage when a brief is prepared for the local Capital Goods Committee.

	Time in days	
	Min.	Max.
1. Receipt of application in R & I Section and its transmission to Textile Machinery Branch	1	1
2. Scrutiny by Textile Machinery Branch and issue of acknowledgement-cum-deficiency letter	7	7
3. Preparation of summary of the case by Textile Machinery Branch to be submitted to the Local C.G. Committee which are always cyclostyled. (In case of goods valued at Rs. 5 lakhs and above)	15	20

Note:—The time taken by a party in furnishing clarification, etc. will be over and above the time-table.

11.29. As already pointed out, frequent references had to be made to the Directorate General of Technical Development to obtain indigenous clearance. The Study Team which went into the working of the CCI&E suggested that in order to eliminate frequent reference to the DGTD, sponsoring authorities should obtain package clearances from the DGTD in respect of items falling under general engineering industries. Such a package clearance, it recommended, should be considered valid for a period of one year and should be obtained at the beginning of each licensing period. Individual applications need not then be referred to the DGTD. An arrangement on these lines should, we recommend, apply in respect of machine tools required for textile machinery manufacture. After this comes into operation, it should be necessary to obtain indigenous clearance only in those individual cases where the Textile Commissioner cannot operate on the consolidated package clearance list.

11.30. A package list may still leave a number of situations unprovided for, and for these, the suggestion already made in Section II for a representative of the DGTD to attend meetings of the local C.G. Committee should prove useful. If care is taken to send papers to the representative well in advance, he should be able to give his advice on the indigenous angle at the meeting itself.

11.31. Since cases where the value of import is less than Rs. 5 lakhs, do not go to the local C.G. Committee, indigenous clearance here, in instances not covered by the package list, will continue to have to be obtained from the DGTD through correspondence. The Mathur Team which went into the working of the DGTD suggested that indigenous clearance should

be given by the Directorate concerned in the DGTD within a period ranging from 3 to 12 days. Considering that references here will have to be made from Bombay to Delhi, we suggest that this period may be enhanced to 20 days. The Development Directorate concerned in the D.G.T.D. should give the clearance within this period. If no clearance is received within 20 days from the date of making such references, the case should be brought up in the next meeting of the local C.G. Committee.

SECTION IV

TEXTILE MACHINERY MANUFACTURE IN THE MEDIUM & SMALL SCALE SECTORS

11.32. Licences are necessary only for scheduled industries with a capital investment of more than Rs. 25 lakhs. Various items of textile machinery and components are manufactured by units in the medium and small scale section also where the capital investment involved in each case is less than Rs. 25 lakhs. Although these units do not require an industrial licence under the Industries (Development and Regulation) Act, a system of registration and approval of their production programmes by the Textile Commissioner is in force. Unless the production programme of a unit is approved by the Textile Commissioner, it is not eligible to get foreign exchange for import of raw materials and capital goods or for allocation of scarce indigenous raw materials.

11.33. Parties desirous of manufacturing items of textile machinery submit their programmes of manufacture to the Textile Machinery Branch. Although a standard form of application has been prescribed, it is noticed that many of the applicants initially do not apply in this form. In case the Branch finds that adequate capacity already exists for the items proposed for manufacture, the applicants are advised accordingly. Where capacity is available, parties are directed to submit full particulars of their proposal in a standardised form. The following particulars are called for in processing the applications:—

- (i) items proposed to be manufactured and the capacity required;
- (ii) applicant's experience in the field;
- (iii) capital investment required;
- (iv) requirements of imported capital equipment, if any;
- (v) requirements of imported components and raw materials; and
- (vi) estimated annual output (both value and quantity).

11.34. The number of units which applied for approval of production programmes during the years 1964 and 1965 and the number of cases where approvals were granted are given below:—

Total No. of applications received	134
No. of registrations granted	104
No. of cases rejected	30

Sixteen cases were taken up for sample study out of the 104 cases where approval of production programmes was given. It may be stated here that, unlike registration cases in the Directorate General of Technical Development, all cases here are considered only by officers of the Textile Machinery Branch, and there is no special committee to consider cases.

11.35. Studies have showed that, in cases involving no back reference to the party or user, the grant of approval to production programmes took on an average 109 days from the date of receipt of applications. The time taken was 201 days in cases where back references were involved. In the 16 cases studied, back references were made in 11 cases, and it took on an average 81 days for the Textile Commissioner to make the reference and 42 days for the parties to furnish the requisite information. References made to the parties pertained to the following:—

- (i) applications not made in the prescribed form;
- (ii) full particulars regarding capacity not given;
- (iii) prototype called for;
- (iv) views from users, if items were already under manufacture; and
- (v) possibility of import substitution.

On receipt of complete details from the applicant, the Textile Commissioner took 78 days for the approval of the proposal.

11.36. Although there is no system of formal registration, the procedure for approval of production programmes is analogous to the registration procedure obtaining in the D.G.T.D. The objective with which units with capital investment less than Rs. 25 lakhs were kept outside the scope of the Industries (Development & Regulation) Act was to free them from the rigours of licensing and thereby give an impetus for the growth of small and medium units. This was done with a view to developing areas of complementarities as between small/medium units and licensable units. However, our study has shown that the procedure for the approval of production programmes of small scale units engaged in the manufacture of textile machinery items is almost as cumbersome as the procedure for licensing.

11.37. The following observations made by the study team which went into the working of the D.G.T.D. on the system relating of registration obtaining in that organisation are relevant here:—

“Firstly, the manner in which registration cases are being processed has made almost a complete nullity of the intention underlying registration. The procedure in vogue for registration is no simpler than that for licensing. Registration is neither automatic nor any longer optional. And if it represents a relaxation of control over industry, the benefit is at best purely psychological.

“Secondly, there is practically no difference between the ways in which registration and licence cases are handled. Both are judged by the same criteria of demand, installed capacity, regional distribution, import requirements, priority and so on. The procedures governing both are almost identical, except that the final decision in one is taken in the Licensing Committee and in the other in the Rejection Committee. Registration is thus different to licensing mainly in name.

“Thirdly, by including the non-scheduled sector within its ambit the registration process has demonstrated that the scheme to the Industries (Development and Regulation) Act is not what it is supposed to be viz.

a list of industries of all-India importance. In non-scheduled industries have to be taken under the wings of the Directorate General, the schedule to the Act obviously required amplification. In any case, there is little difference left between scheduled and non-scheduled industries if both require central 'god-fathering'.

"Fourthly, since non-scheduled industry is registered as readily as scheduled, and since registration is not much different from licensing, there is really no free sector except the small scale. The Rs. 5 lakh boundary for small scale industry is thus also the boundary between the free, decentralised sector and the controlled (in one form or the other) centralised sector.

"Fifthly, since foreign exchange is thought to be more easily available under Central patronage, there is the paradox of a scramble on the part of the units in the free, small scale sector to climb into the centralised sector covered by registration in the Directorate General.

"Sixthly, although industry is a State subject under the Constitution (except when public interest is declared by law to be involved), the above tendencies are making for an increasing degree of centralisation and thus negating the constitutional provision."

The Mathur Study Team accordingly recommended that, consistent with the constitutional provision, only those industries of which control by the Union is "expedient in the public interest" should be retained for being looked after at the Centre. The rest, it was suggested, should be effectively de-centralised to the States as contemplated by the Constitution. This would mean that units falling in the area where capital investment involved is less than Rs. 25 lakhs would be progressively freed from Central registration and passed on to the States.

Recommendation

11.38. We have in the context of the above recommendation of the Mathur Team, considered the question of transferring the responsibility for the development of textile machinery manufacturing units in the non-licensed sector from the Textile Commissioner to the respective State Directors of Industries. Although it is a fact that textile machinery manufacturing units in the small and medium sectors have made substantial progress, while under the charge of the Textile Commissioner, we consider that, in the light of the recommendation made by the Mathur Team, there is no justification for keeping under Central control an industry which legitimately should be the responsibility of the States. The clamour to be under Central tutelage stems mainly from the hope of getting a larger share in the allocation of foreign exchange, and the fear that State Directors of Industries may not be able to feed the units with imports and allocations to the extent desired by them. As pointed out by the Mathur Study Team, it is necessary that the transfer of any sector to the States should be accompanied by appropriate additional foreign exchange allocation to the States.

Recommendation

11.39. The main objection that was raised by the officers in the Textile Commissioner's Organisation against the transfer of this work to the State Directors of Industries was on the ground that the latter did not have the

necessary technical expertise and, therefore, the development of the industry might suffer. It is to be conceded that State Directorates of Industries, dealing as they are with a variety of industries, may not have the expertise in each branch of specialisation. But the whole idea in keeping industries with a capital investment of less than Rs. 25 lakhs outside the scope of licensing under the Industries (Development and Regulation) Act is to encourage growth unhampered by administrative obstacles, as far as possible. It is obvious, that local inventiveness, initiative and talent are likely to be inhibited under Central supervision and control, however, well intentioned and expert this may be. Against what is claimed to be gained in the name of coordination and expertise, a whole lot of tangible and intangible benefits are lost, by keeping such industries under Central authority. We, therefore, recommend that the responsibility for the development of sub-Rs. 25 lakh units engaged in the manufacture of textile machinery should be transferred to the State Governments.

Recommendation

11.40 It is not intended that with the above delegation to the State Governments, the Textile Commissioner should be divested of all responsibility in the matter of development of small and medium units. The textile Commissioner should continue to be responsible for overall planning and development of the textile machinery industry. In respect of the non-licensed sector going over to the States, this should entail the following functions for him :—

- (1) Broadly, the Textile Commissioner's role *vis-a-vis* non-licensed sector proposed for transfer to the States should be analogous to that of the Development Commissioner, Small Scale Industries *vis-a-vis* small industries already under the charge of State Governments.
- (2) The Textile Commissioner should keep himself informed, through State Directors of Industries, about essential facts relating to the Development of the industry. For this, he may prescribe suitable returns which bring in information about the number of units, their capacity and production etc.
- (3) He should be competent to issue guide lines to the State Directors of Industries on various aspects. In particular, he should bring out a brochure periodically giving particulars of textile machinery items for which the creation of capacity may be encouraged. There should be a positive programme of documenting the expertise available in the Textile Commissioner's Office to the maximum extent possible, and making it available to prospective entrepreneurs in the non-licensed sector through State Directors of Industries, small industries service institutes and other suitable channels.

(4) The bulk allocation of foreign exchange to cover the requirements of raw materials and components of the non-licensed sector should come first to the Textile Commissioner who should then make state-wise allocations having regard to all relevant factors. In the states, the allocation should be treated as an earmarked one, not to be merged with the SSI allocation. This is necessary to ensure that the gratifying progress made

in the development of this important industry is maintained even in the new arrangement.

(5) Cases of new units involving foreign collaboration should have to be cleared by state Directors of Industries with the Textile Commissioner.

(6) So should cases of import of capital goods: capital goods applications of this sector should be processed by the Textile Commissioner and the local capital goods committee on lines similar to procedures obtaining in the Development Commissioner, SSI's organisation for capital goods requirements of small scale industries generally.

11.41. Applications from units in the non-licensed sector which seek foreign collaboration in the manufacture of certain items of machinery are processed by the Textile Commissioner in consultation with the Ministry of Industry. Twenty applications for foreign collaboration were received during the period 1959—64. Out of these, we took for detailed study 11 cases. The applications were in a majority of cases addressed to the Ministry of Industry (MEI Section) with copy endorsed to the Textile Commissioner. The MEI Section forwarded the applications in original to the Textile Commissioner for his comments. There were also instances when applications were made in the first instance to the Textile Commissioner.

11.42. The position in so far as the 11 cases mentioned above are concerned is as under:—

- (i) Number of cases where foreign collaboration was allowed
- (ii) Number of cases pending finalisation
- (iii) Number of cases where essentiality certificates have also been issued after foreign collaboration terms have been approved

11.43. Steps involved in the scrutiny of the 8 cases (where foreign collaboration terms have been approved) with reference to the time factor are given below:—

(a) Ministry of Industry transmits the applications to the Textile Commissioner	32 days
(b) Textile Commissioner offers his comments to the Ministry of Industry	120 days
(c) Time taken in according provisional approval to preliminary terms	117 days
(d) Time taken by parties/in furnishing terms	223 days
(e) Communication of the final approval of the Ministry of Industry from the date of initial application	489 days

In so far as the three cases where foreign collaboration terms have not been approved, the position is that the parties have been directed to ob revised terms.

Recommendation

11.44. It will be seen from the above study that considerable time is taken both in the office of the Textile Commissioner and in the Ministry of Industry in dealing with applications for approval of foreign collaboration. Case studies of counterpart files in the Ministry have shown that for all practical purposes, the Ministry of Industry is guided by the recommendations of the Textile Commissioner. In cases where the recommendations of the Textile Commissioner were altered, it was only regarding the percentage of payment to be made to the foreign collaborators. It is suggested that responsibility for approving foreign collaboration terms for the manufacture of textile machinery in the non-licensed sector should rest with the Textile Commissioner, and only in cases of doubt need cases be referred to the Ministry of Industry. It should be possible for the Textile Commissioner to deal with proposals for foreign collaboration in accordance with the instructions already laid down by the Ministry of Finance.

Recommendation

11.44(A). There is also need for the Textile Commissioner to reduce delays in the processing of collaboration cases. We consider that not more than 15 to 25 days should be taken by the Textile Commissioner in dealing with such cases after powers have been delegated to him as suggested above. This, however, does not include the time taken for making references to the parties.

SECTION V

CONTROL ON TEXTILE MACHINERY PRODUCTION

11.45. The Textile Machinery (Production and Distribution) Control Order, 1962, was issued under section 3 of the Essential Commodities Act. It vests the Textile Commissioner with the following powers:—

- (a) to register manufacturers and dealers of textile machinery;
- (b) to direct sale of textile machinery in order to secure equitable distribution of the machinery; and
- (c) to inspect, call for information, enter and search premises and seizure of machinery in cases involving any contravention of the order.

While the clauses relating to direct sale and to inspect are enabling provisions, the provision relating to registration of dealers and manufacturers is an operative clause.

11.46. The items of textile machinery which are controlled under this order are specified in Schedule I of the said order. They are—

- (i) Blow Room Machinery
- (ii) Carding Engine
- (iii) Draw Frames
- (iv) Speed Frames
- (v) Ring Frames
- (vi) Winding Machines

- (vii) Doubling Machines
- (viii) Reeling Machines
- (ix) Bundling Machines
- (x) Baling Machines
- (xi) Powerlooms
- (xii) Side Frames of Powerlooms
- (xiii) Spare Parts of Powerlooms and Ring Frames.

11.47. Both dealers and manufacturers handling any of the items enumerated in paragraph 11.46 above have to get themselves registered with the Textile Commissioner. In order to obtain a registration certificate, applicants have to apply in a prescribed form, together with a challan for Rs. 10/- or Rs. 50/- depending on whether the application is made within 45 days from the date of the order coming into force or from the date of commencement of business or after 45 days respectively. Till today, the following registrations have been made:—

(a) Dealers	105
(b) Manufacturers:	
(i) Units belonging to the non-licensed sector	34
(ii) Units covered by the IDR Act	54
	193

11.48. We took up 15 cases for detailed study in order to understand the procedure regarding registration. The average time taken in the registration of manufacturers was 263 days and in the registration of dealers 219 days. This included also the time taken by parties to reply to references made by the Branch calling for further particulars. References had to be made to the applicants in respect of the following:—

- (1) original challan not available,
- (2) items of machinery not specified clearly; and
- (3) income tax verification certificate was missing.

It was noticed that while the applicants replied within 3 to 4 weeks, considerable time was taken in the Branch to process the applications.

Recommendation

11.49. We examined whether there was to continue the system of registration in view of the limited nature of scrutiny exercised by the Branch and the time involved in the scrutiny of the applications. The need for registration of units which are licensed under the I (DIR) Act is obviously redundant. Even in so far as units in the non-licensed sector are concerned, the production programmes of such units have in the past required the approval of the Textile Commissioner, and therefore there was no need to insist upon further registration even in their cases. In so far as dealers are concerned, they are dispersed all over the country. We wonder whether it is either feasible or practicable to exercise any control over such a widely dispersed sector. In fact, it was noticed, during these studies, that some

dealers were not even subject to income tax. The object with which the Textile Machinery Control Order was promulgated was to take powers for directing manufacturers to sell machinery to new units which were experiencing considerable difficulty in securing machinery for their mills. It was noticed that the implementation of licences was very poor and consequently it was thought that it would be advisable to set off a portion of the indigenous manufacture of machinery for meeting the requirements of new units. This power has not been exercised so far by the Textile Commissioner. The Textile Commissioner nevertheless was able to persuade machinery manufacturers to effect sales to new units, whenever it was found necessary. While the enabling power regarding direction of sale should remain, we consider that the system of registration is redundant and should be done away with. This is particularly so in view of our recommendation in Section IV to decentralise the non-licensed sector to the States.

CHAPTER XII

ASSISTANCE RENDERED BY THE TEXTILE COMMISSIONER TO THE TEXTILE INDUSTRY IN SECURING SCARCE ITEMS OF SUPPLY.

12.1. One of the functions of the Textile Commissioner is to help the textile industry and textile machinery manufacturers to secure adequate supply of raw materials and other stores. The procedure followed in securing essential materials and stores required for the industry has been studied with a view to examining whether the intervention of the Textile Commissioner in the present conditions of supply of these items is necessary and if so, to what extent and in what manner. In giving our recommendations for streamlining of the existing procedures, we have kept in mind the request contained in the representation of the Federation that they would like to relieve the office of the Textile Commissioner of as many of routine and coordinating functions as possible. We set out below the results of our study with reference to the following scarce items of fuel and stores.

COAL

12.2. The price and distribution of coal are controlled under the provisions of the Colliery Control Order, which is administered by the Coal Controller. There are about 300 coal consuming mills, which are concentrated in well defined areas like Ahmedabad, Indore, Sholapur and Kanpur. The majority of the mills in the city of Bombay use fuel oil, while most of the mills in the southern States use electricity.

12.3. The requirements of textile mills are assessed by the Textile Commissioner periodically and recommendations are made to the Coal Controller for bulk allocation to the industry. For this purpose, the Textile Commissioner submits a statement to the Coal Controller showing the unit-wise requirements of coal. Demands are based on monthly consumption reported in returns which are submitted by the mills to the Coal Controller, copies of which are forwarded to the Textile Commissioner. A unit-wise allocation chart is prepared and sent to the Coal Controller by the Textile Commissioner once every six months for allocation during the next half-year. The Coal Controller issues allotment for such unit for a six month period, a copy of which is endorsed to the Textile Commissioner. Thereafter, the consuming mills write to the Coal Controller about their programmes of taking delivery and intimating the names of agents who would take delivery.

12.4. Although, no difficulty has been experienced by mills in general in regard to the supply of coal (as against the monthly requirement of the industry of 1,40,000 tonnes, the total allocation has been 1,83,000 tonnes), the delivery of coal to individual units of the textile industry is not uniform, with the result that while some mills have surplus stock others suffer from shortage of coal. This is primarily due to defects in the arrangements made by the mills. In order to overcome these difficulties, there is a "pool" system in operation in Ahmedabad, Indore and Sholapur. The millowners'

associations in those places (a committee in Sholapur) keep themselves posted with the stock position of individual mills in their areas and arrange transfers of stocks as and when found necessary. This system has been working satisfactorily.

Recommendation

12.5. Considering the very limited role of the Textile Commissioner in the allocation of coal and the relatively easy position of coal supplies, we consider that it is no longer necessary for the Textile Commissioner to be burdened with this work. As observed, the millowners' associations of Ahmedabad and Indore are playing a very useful role in "pooling" available supplies of coal in their areas. The system of pooling may be extended to other areas. We further recommend that the Indian Cotton Mills' Federation may be asked to bulk the demands of the various coal consuming units, and also prepare unitwise allocation, on the advice of the various millowners' associations.

TARGETS FOR WAGON REQUIREMENTS FOR THE TEXTILE INDUSTRY

12.6. During the period when controls over distribution and movement of cloth and yarn were operative, permits used to be issued from the Textile Commissioner's Office to mills and dealers to facilitate movement of cotton, cloth and yarn. State-wise deliveries of cloth and yarn were also reported by the mills in monthly statistical returns submitted to the Textile Commissioner. To assist the movement of cotton, cloth and yarn expeditiously, the Railways used to allot a certain number of wagons in favour of the Textile Commissioner, on the basis of quarterly recommendations by the Textile Commissioner. Although the Movement Control Order is not now in operation and the transport permit system has been withdrawn, it is noticed that the Textile Commissioner continues to send assessments for the total wagon requirements of the industry. In so far as requirements of starch and machinery manufacturers are concerned, the Textile Commissioner writes to the units concerned (which are few in number) for this data and whatever information is furnished by the units is forwarded to the Railway Board. In the absence of any return from the industry, the assessments presently sent by the Textile Commissioner have no realistic basis. We were given to understand that although this position had been explained to the Railway Board, the Board desired that the Textile Commissioner should continue to give at least approximate estimates.

Recommendation

12.7. It is suggested that the targets can be framed by the Railway Board itself after taking into consideration previous movements, the details of which can be obtained from the different railway stations. If necessary, the Railway Board may consult the Indian Cotton Mills' Federation, the Starch Manufacturers' Association, the Machinery Manufacturers' Association and the East India Cotton Association and secure necessary information.

IRON AND STEEL

12.8. Another line of assistance rendered by the Textile Commissioner to textile mills and textile machinery manufacturers relates to securing of

controlled items of iron and steel. The controlled items of iron and steel fall under the following categories:—

- (a) Steel Processing Industries Quota (SPI),
- (b) Industrial Maintenance & Packing Quota (IMP); and
- (c) Private Industrial Development Quota (PID).

(a) *Steel Processing Industries Quota*

12.9. Demands under this head are specially meant for textile machinery manufacturing units. The demands submitted by the mills are bulked and sent to the Director General of Technical Development according to a time schedule prescribed by him. The D.G.T.D. obtains bulk allotment from the Iron and Steel Controller and intimates the same to the Textile Commissioner with a request to furnish a statement showing unitwise allotments proposed. As the demands are from "Key industry" units, the question of making *inter se* priority allotments is not adopted in these cases. Generally, *pro rata* allotments are made, unless there are urgent and compelling reasons requiring special considerations. A statement showing unitwise allocation is forwarded to the D.G.T.D. who issues quota certificates to individual units.

12.10. The following table gives the number of applications, total demand and releases made during the last three years, for the S.P.I. Quota Head:—

	1963-64	1964-65	1965-66
Number of applications	50	36	33
Total demand sent (tonnes)	2394	6372	7460
Allocation made (tonnes)	2012	2579	7838

12.11. The time schedule of processing for the year 1965-66 was as under:—

- (1) Date on which the Iron & Steel Controller wrote to the DGTD that the last date by which indents were to be placed on him by the latter was 31-12-1964 11-12-1964
- (2) Date on which the DGTD wrote to the Textile Commissioner to intimate the demand of the Machinery Manufacturing units by 21-12-1964
(In view of the short notice estimate was sent on the basis of last period's demand) 21-12-1964
- (3) Date on which the Textile Commissioner wrote to registered manufacturing units 22-12-1964
- (4) Time lag in the Textile Commissioner's Office for receipt of applications from units About 1-1/2 months
(based on previous year)
- (5) Textile Commissioner wrote to the DGTD forwarding the consolidated demand after receipt of replies from units 12-2-1965
- (6) DGTD wrote to the Textile Commissioner to intimate vetted demand 11-3-1965

- (7) Textile Commissioner sent vetted demand 27-3-1965
- (8) DGTD wrote to the Textile Commissioner intimating him the final allocation made by him with reference to the ceiling given by the Iron and Steel Controller, asking for unitwise allocation with reference to the reduced ceiling 11-6-1965
- (9) Textile Commissioner made revised allocation and sent revised statement unitwise to the DGTD 26-6-1965
- (10) DGTD issued quota letters and sent copies of quota letters to Textile Commissioner's office for checking with statement 8-10-1965

(b) Industrial Maintenance and Packing Quota

12.12. Items allotted under this head are utilised for the maintenance and repair of existing textile units. Requirements of the mills for IMP items are called for through the millowners' associations annually by the Textile Commissioner and thereafter a bulk demand is placed on the Iron & Steel Controller. The Iron and Steel Controller places a certain quantity at the disposal of the Textile Commissioner for allocation to the Units. Quota certificates are thereafter issued by the Textile Commissioner to each of the indenting millowners' associations. It is the responsibility of the associations to acquire the materials for their constituents. The quantities allocated by the Iron and Steel Controller during the last three years were as follows:—

(Figures in metric tonnes)

	1963-64	1964-65	1965-66
Demand	2799	3648	2306
Allocation	433	86	705

12.13. We find that the Textile Commissioner makes no significant contribution in assessing the requirements of individual units.

(c) Private Industrial Development Quota

12.14. Items falling under this head are allotted for the erection of new mills and for the expansion of existing units. Applications for these items are received from the mills through the State Directors of Industries supported by certificates from chartered engineers on the "essentiality" of the items. This is a continuous process. The Iron and Steel Controller calls for the demand for these items from the Textile Commissioner, who based on the requests which have been received sends the total demand in a prescribed form. The Iron & Steel Controller thereafter allots a quota in favour of the Textile Commissioner. A schedule of priority is drawn up by the Textile Commissioner by giving appropriate weightage for requirements like those of export oriented units and for new spinning mills. After the priorities have been decided upon, quota letters are issued to the individual units. The following table gives details of allocation during 1963-64 to 1965-66:—

	1963-64	1964-65	1965-66
Number of applications	50	33	36
Demand submitted (tonnes)	5063	7461	3766
Allocations made (tonnes)	58	200	630

12.15 The time schedule of working of the scheme was as under (pertaining to year 1965-66):—

- | | |
|--|------------|
| (1) Date on which Iron & Steel Controller called for demand | 4-7-1964 |
| (2) Date on which Textile Commissioner intimated the demand | 21-12-1964 |
| (3) Date on which Iron & Steel Controller sent bulk allocation to the Textile Commissioner | 15-5-1965 |
| (4) Date on which Textile Commissioner issued quota letters to units | 3-8-1965 |

12.16 There is considerable scope for minimising delays in the allocation of the various controlled items of iron and steel. It is also possible to eliminate the interposition of the Textile Commissioner between the Iron and Steel Controller and the Millowners' Associations in respect of IMP quota and the interposition of the Director General of Technical Development between the Iron and Steel Controller and the Textile Commissioner in respect of SPI quota. We, however, refrain from making any recommendations in this regard as a Study Team under the Chairmanship of Shri R. K. Khadilkar, M. P., is presently going into the working of the Iron & Steel Controller's organisation. The recommendations of this Committee may be awaited.

CHAPTER XIII

REVIEW OF STATISTICAL FORMS AND RETURNS

13.1 With the accent on planned development of the Textile Industry in the framework of the overall strategy of planning and development of the country, the collection of statistics has come to assume paramount importance. No planning is possible without basic information. Comprehensive knowledge of the available resources the existing means of production, optimum use of the installed capacity, systematic study and analysis of data are all essential pre-requisites for proper economic planning and formulation of development programmes. In the cotton textile industry itself, there are three distinct sectors, viz. (i) the organised mill sector, (ii) the powerloom sector, and (iii) the handloom sector. The formulation of development programmes for the textile industry has been influenced by the conflict implicit between modern and traditional techniques of production. In the conditions existing in India today, rural industries have necessarily to be encouraged both from the point of view of providing employment and of increasing overall production. The information available with regard to the rural industry is inadequate and the assessment of production in the rural sector has necessarily to be on the basis of statistical computations. We have examined how measures of protection and re-limitation of fields of production have become necessary for giving a certain amount of stability to handlooms and powerlooms who depend on the organised mill sector for their supply of yarn. The Textile Commissioner, responsible as he is, for ensuring the supply of essential raw materials and stores to the industry, has to be posted with complete data regarding the production capacity of the mills and their requirements. In view of the limited knowledge available in respect of the de-centralised sectors, more information about the production and deliveries of mills has become necessary for assessment of the requirements of the de-centralised sectors. Further, as the Textile Commissioner is administering a number of regulatory functions, he has to be posted with information regarding the fulfilment of various obligations placed on the mills. All this has necessitated the prescription of statistical returns to be submitted by the mills.

13.2 Various statistical returns have been submitted to the Textile Commissioner almost over since the organisation was set up in 1943. The orders in this regard were codified in the Central Government's Notification No. 1150 dated 30th May, 1955. We felt that along with the study of various controls and regulations exercised by the Textile Commissioner, it may be necessary to make a re-appraisal of the various returns submitted by the industry with a view to examining how many of them are essential and which of them have out-lived their utility and, as such, could be eliminated. We also felt that there would be scope for rationalisation of the returns and for reducing their periodicity.

13.3. We decided to appoint a sub-committee, consisting of officers of the Textile Commissioner and representatives of the cotton textile industry, to make a study of returns in the above manner.

The following were its members:—

1. Shri R. Parameswar, Deputy Textile Commissioner,
Bombay Chairman
2. Shri R. L. N. Vijaynagar, Secretary, Millowners' Association,
Bombay Member
3. Shri C. V. Radhakrishnan, Deputy Secretary, Indian Cotton
Mills Federation, Bombay Member
4. Shri L. B. Mathur, Bombay Dyeing & Mfg. Co. Ltd., Bom-
bay Member
5. Shri Fali Pestonji, Tata Mills Ltd., Bombay Member
6. Shri T. V. Sundararajan, Deputy Director, Office of the
Textile Commissioner, Bombay Member
7. Shri S. Padmanabhan, Deputy Director, Office of the Textile
Commissioner, Bombay Convenor

Recommendation

13.4 The sub-committee's report is reproduced at annexure '8'. We have pleasure in commending the recommendations made in this report to the Government for acceptance. It will be seen that after examining the various returns, the Committee has been able to eliminate duplicated items, and reduce the total number of returns from the present 16 to 11. The returns which are recommended for elimination are (i) CST-F (for spinning and composite mills only); (ii) P-1; (iii) D; (iv) CC; and (v) return on cloth earmarked for consumers co-operative stores and fair price shops.

13.5 The Committee has made an important suggestion regarding the necessity for introducing mechanisation for tabulation of data. We commend this proposal to the Government. We would also commend to Government the proposal of the sub-committee to have a standing body to continually review the various statistical returns submitted by the industry.

13.6 We would like to place on record our gratitude to the members of the sub-committee for the very valuable work done by them.

CHAPTER XIV SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

CHAPTER III GUIDING PRINCIPLES FOLLOWED BY THE STUDY TEAM

1. The Textile Commissioner's organisation which was initially set up during the last war to harness production for war requirements and also to deal with scarcity conditions arising out of shortages of supplies in the civilian market, has undergone a series of changes, and today it performs a variety of functions, both regulatory and developmental. (3.1).

2. The activities, which in the early days, were confined to cotton and cotton textiles, have become widespread and varied and the Textile Commissioner is now not only concerned with cotton and cotton textiles, but is also responsible for the development of handloom, wool, art silk and textile machinery manufacturing industries. (3.1).

3. Having regard to the changing conditions in the country, the emphasis on the role of the Textile Commissioner should be more on functions related to growth and development of the industry than on those which are purely regulatory in nature. (3.4).

4. The organisation should take greater initiative in organising surveys and in planning and development activities, as it is purposeful effort in this direction that is important for healthy growth. (3.4).

5. To create a proper climate for the healthy development of the industry, it is important that there should not be too many fetters on its working. Further, today, in the highly competitive international market for textiles, if our efforts to increase exports are to be crowned with a measure of success, it is desirable that the industry should not be bogged down this unnecessary and outdated controls. (3.4.).

CHAPTER IV

COTTON

6. The system of controls on cotton and cotton textiles stems from the fact of inadequate supply of cotton. It axiomatically follows that once the supply position of cotton is improved, it may not be necessary for controls to be exercised over trading in cotton. (4.2.).

7. It is possible to increase the per acre yield of cotton even in areas not under irrigation, by increased input of fertilisers, pesticides and insecticides and by adoption of modern agricultural practices.

8. Viewed in the context of our expending approximately Rs. 60 crores per annum on the import of cotton, there is need to step up assistance to the farmers on a substantial scale with a view to increasing the productivity

of our own cotton. Increased assistance of various kinds should be such as to make a sizeable impact on the production of cotton. (4.9)

9. It is not suggested that the wherewithal for the increased input should be found wholly by the Central and State Governments. The farmers should be enabled to finance a considerable part of the increased expenditure through loans and advances to them and to farmers' cooperatives. These may be redeemed at the time of sale of the produce. (4.11).

10. Leading millowners' associations in the country shall in their own interest emulate the efforts of the Indian Cotton Mills' Federation and take up selected pockets in their respective regions for intensive cultivation of cotton. In view of their organisational ability, their active participation in the production of the basic raw material would undoubtedly yield results, as has been eloquently proved in the demonstration farms of the Indian Cotton Mills' Federation. The Textile Commissioner should take the initiative in putting the proposition to millowners' associations. (4.12)

11. More foreign exchange should be released for automatic spraying equipment which are in extremely short supply. The Director General of Technical Development should also address himself to the problem of increasing the manufacture of indigenous automatic spraying equipment. (4.13)

12. The Study Team received a representation that in the context of Government's efforts to increase the yield per acre of cotton, the move to abolish the Indian Central Cotton Committee would be ill-advised. In the context of the recommendation to intensify cotton cultivation, the above representation gains further weight. (4.14 and 4.16)

13. Considering the uniquely important position which cotton and the cotton textile industry occupy in the nation's economy, there should be a suitable agency or body to look after the work that the Indian Central Cotton Committee was supposed to do. It is imperative that the winding up of the Committee should not leave a vacuum. The agency or body to replace the Committee should be charged with the responsibility of reviewing policies and achievements in the realm of cotton development and generally of assisting in the putting through of a really significant production programme. (4.16)

14. In Government's efforts to intensify cotton cultivation to achieve the Fourth Plan target, the Textile Commissioner should have to play a more positive role. Just as the Textile Commissioner and the Ministry of Commerce have a system of consulting the Agriculture Ministry on price policy, there should be a system of reverse consultation with the Textile Commissioner by the Ministry of Food and Agriculture in regard to cotton development programmes. The active participation of the Textile Commissioner in these programmes would provide a channel and a stimulus for the industry to be yoked in a practical and purposeful manner to the business of helping the cotton growers to increase their productivity. (4.17)

15. In a situation where trading (in cotton) takes place above the ceiling, it has to be noted that the increased prices do not benefit the agriculturists, but the middlemen. (4.26)

16. If the Government is to assure the consumer adequate supplies of popular varieties of cloth at reasonable prices, it has necessarily to ensure that prices of cotton, which constitute approximately 55 per cent of the cost of cloth, are kept within bounds. In the circumstances, ceilings on cotton prices need to be continued so long as controls over production and prices of mill-made cloth continue. (4.26)

17. The present floor prices do not provide adequate incentive to the farmer to increase his output. Realistic support prices should be fixed for all varieties of cotton and they should be announced well in advance of the cotton season in order that growers may have an assurance of their not having to sell their cotton at distress prices. This would be the most effective inducement to the grower to intensify his effort for the cultivation of cotton. (4.27)

18. The following measures may be considered by Government in the context of the representation that the participation of agriculturists in the fixation of price policy was not adequate:—

- (a) increasing the number of representatives of agriculture in the Cotton Advisory Board;
- (b) appointing regional advisory boards in some of the major cotton growing States. (4.28)

19. The Board should advise the Textile Commissioner on—

- (i) price policy;
- (ii) implementation of the price policy; and
- (iii) measures for improving the productivity of cotton. (4.28)

20. Considering the limited scrutiny bestowed on applications for renewal of cotton licences and considering also that all requests for renewal of licences are allowed as a matter of course, the system of renewal of both 'A' and 'B' class licences should be done away with. (4.31)

21. The system of issuing 'C' class licences should be dispensed with altogether as hand-ginners who cater to a very limited market should not be subject to the rigours of licensing. (4.31)

22. The revised system of issuing permanent licences may be commenced from the cotton season 1966/67, and the system notified to the public sometime in June. Suitable amendments to the Cotton Control Order may be made in this regard. (4.31)

23. To deal with requests from mills for additional quantities of Indian cotton, a specific form of application is necessary, with a view to avoiding back references. An application form has been drawn up for adoption and may be seen at Annexure 5. (4.36)

24. In order to avoid frequent issue of quota letters for import of global cotton, the following revised procedure is recommended:—

- (i) after a basic year for the allocation of Indian cotton has been determined, the quantity of cotton used by each mill during that year should be intimated by the Textile Commissioner to

the Indian Cotton Mills' Federation in the form of an authorisation card (see Annexure 6);

- (ii) as and when cotton becomes available for release, the Federation should be advised of the percentage of cotton *vis-a-vis* consumption in the basic year that should be released to individual mills. (4.41)

25. The Indian Cotton Mills' Federation should issue a letter, along with the premium receipt, indicating the actual quantity of cotton that may be released to the mill, with a copy direct to the Joint Chief Controller of Imports and Exports, Bombay. (4.47)

26. The certificates to be issued by the Indian Cotton Mills' Federation should be serially numbered and a weekly statement of such certificates issued to the mills should be sent to the Joint Chief Controller of Imports and Exports and the Textile Commissioner. (4.48)

27. In order to provide a basic record showing the total allocations made to a mill under different categories of allocation, the Federation may be asked to make suitable entries in the allocation card of all the allocations made to the mill, i.e.

- (a) retention quotas;
- (b) special quotas for executing Defence orders; and
- (c) quotas given for supply of yarn to handlooms. (4.48)

28. The introduction of the card system will secure the following advantages:—

- (i) avoidance of issue of quota letters to actual user mills as many times as there are cotton releases;
- (ii) automatic procedure for cancellation and re-allocation of the surrendered cotton to other mills;
- (iii) cumulative accounting of allocations of foreign cotton in the same card; and
- (iv) elimination of clerical work in the office of the Textile Commissioner. (4.46)

29. The work relating to allocation of cotton against retention quota presently done by the Entitlement Branch of the Textile Commissioner's Office may be transferred to the Indian Cotton Mills' Federation. As a measure of safeguard, a statement of such allocations made may be sent to the Textile Commissioner's office. (4.49)

30. The existing procedure under which mills have to obtain permission of the Textile Commissioner to transfer retention quotas to other mills is redundant and should be discontinued. (4.51)

31. The resale of retention quotas to third parties should be prohibited by public notice so that there is no question of individual parties applying for permission to resell. (4.52)

32. In order to avoid the present accounting complications attendant on import of cotton under the P.L. 480 programme, the entire authorisation granted under P.L. 480, should be imported by a central agency, like the Indian Cotton Mills' Federation. The advantages resulting from such move would be—

- (a) import of the entire quantity by the Federation in one instalment, thereby utilising the full value of the Purchase Authorisation;
- (b) avoidance of unnecessary speculation in the market in view of early/late arrivals;
- (c) avoidance of the maintenance of individual accounts by the Textile Commissioner who is none too sure as to when imports would take place and when payments would be made into the U.S. Disbursement Account;
- (d) avoidance, as a corollary, of the clerical work connected with the custody of a large number of bank guarantees and their subsequent discharges. (4.56)

33. If, during any particular year, mills do not utilise the full value of the purchase authorisation, central purchase should make it possible to build up buffer stock for meeting possible shortages of Indian cotton. (4.56)

34. It is not necessary to be unduly concerned about precluding mills from exercising their choice about quality. In the circumstances, the possibility of bulk imports of P.L. 480 cotton through a central agency, the Indian Cotton Mills' Federation or a specially created buffer stock association, should be seriously examined. (4.58)

35. If, however, for any reason, Government do not find it possible to implement the above suggestion, it is suggested that the Indian Cotton Mills' Federation should be entrusted with the accounting of individual transactions of mills. In other words, the Federation should take over the functions presently performed by the Textile Commissioner as the authorised applicant. (4.59)

CHAPTER V

INSTALLATION OF ADDITIONAL CAPACITY IN THE ORGANISED SECTOR

36. The existing procedures of industrial licensing for the cotton textile industry far from helping the growth of the industry had only tended to retard its growth. (5.19)

37. In the light of the continuous need to expand production of cotton cloth which is a basic and essential need of a growing population, the cotton textile industry should be allowed to develop freely and expand in all parts of the country. (5.22)

38. Industrial licensing should be dispensed with for installation of spinning capacity up to 25,000 spindles or composite capacity up to 25,000 spindles and 500 looms. (5.24)

39. Licensing should also be dispensed with in those mills which are to undertake expansion of spindleage or loomage of their existing units within their existing premises (5.24)

40. There should be no need to extend the validity of existing unimplemented licences for spindles (5.24)

41. There need not be any commitment on the part of the Government to allow the import of machinery as a matter of course (5.24)

42. The question of issuing installation permits in the above cases should not arise hereafter. (5.24)

CHAPTER VII

43. Statutory returns may be prescribed under which textile mills should be required to send periodical returns to the Textile Commissioner, more in the nature of "information" for statistical purposes. (5.24)

44. The Textile Commissioner should keep himself informed about the deployment of textile machinery produced by indigenous machinery manufacturers, and for this he should obtain sale details from the latter in a convenient form (5.24)

CHAPTER VI

INSTALLATION OF POWERLOOMS

45. Government have a very difficult task of reconciling the various assurances given to the handloom industry (which is next only to agriculture in the matter of employment) on the one hand and the rather helpless situation in the matter of unauthorised growth of powerlooms, on the other. (6.12)

46. While some measure of regulation over the growth of powerlooms would be useful with a view to protecting the handlooms, having regard to past experience, there is no point in expecting such controls to be exercised by a Central Governmental agency like the Textile Commissioner. (6.12)

47. (Any measure of regulation that may be considered necessary to ensure the orderly growth of powerlooms and the manner of implementation thereof should be left to the discretion of the State Governments. (6.12)

48. The question of issue of texmark by the Textile Commissioner should not arise hereafter. (6.12)

49. After the additional looms for the Fourth Plan are allocated to the various States, the State Governments should take necessary measures for the attainment of the targets allotted to each State. (6.12) (i)

50. With the delegation of authority to the State Governments, the guiding hand of the Textile Commissioner in the development of powerlooms in the small scale sector should not be removed. The Textile Commissioner should set general guidelines in respect of all aspects of the development of powerlooms. The State Governments should ensure that

whatever information is required by the Textile Commissioner is made available to him. The Textile Commissioner should also be empowered to call for progress reports from the State Governments in regard to their development programmes of powerlooms. (6.13)

51. Unless the present pattern of excise levy is radically changed, no amount of controls and regulations will restrict the haphazard growth of powerlooms. Only by a judicious combination of fiscal instruments and development policies will it be possible to make clandestine growth of powerlooms a thing of the past. (6.14)

CHAPTER VII

CONTROLS AND REGULATIONS DESIGNED TO PROTECT THE DECENTRALISED SECTOR

52. The de-limitation of the fields of production to help the handloom industry introduced under the Textile Commissioner's Notification No. 9(9)-Tex. I/49, dated 15th April, 1950, has stood the test of time and has helped the growth of the handloom industry. In order to make the control more easily enforceable and to prevent encroachment by powerlooms on areas reserved for handlooms, it is necessary that the existing reservations should be made exclusive in favour of the handloom industry and that the exemption from this order granted to small powerloom units having less than five looms should be withdrawn. (7.6)

53. Assistance to handlooms and other weaker sections should be viewed as a long-term expenditure policy and should not perpetually be dovetailed to regulatory schemes. (7.7)

54. The existing system of allocation of dhoty quota which was introduced with a view to protecting the handloom industry has out-lived its utility as the production of dhoties by the mills is far below the dhoty quota. The system of allocation of dhoty quotas should, therefore, be discontinued. (7.11)

55. Should, however, a situation develop where production of dhoties by mills exceed the present quantum of the dhoty quota, the system of allocation of unit-wise quotas could be re-introduced. (7.11)

56. The withdrawal of regulation on the packing of yarn in hank form as from 1st January, 1966 is a step in the right direction. (7.12)

57. Having regard to the increased supply of yarn during the last few years, the following restrictions/obligations imposed under the Cotton Textiles (Control) Order on mills should be given up:—

- (i) Clause 12(1)—placing restrictions on mills to sell in each quarter not less than $\frac{1}{8}$ of the total quantity of yarn sold by it during the years 1949 and 1950 taken together.
- (ii) Clause 12(A)(1)—prohibiting mills from purchasing yarn except with the permission in writing of the Textile Commissioner.

- (iii) Clause 20C(B)—prohibiting composite mills from spinning yarn from cotton or cotton waste not owned by them.
- (iv) Clause 12(6B)—requiring mills to take the permission of the Textile Commissioner to effect any alteration or conversion of the reed space of looms. (7.13)

58. The effective way of curbing the unnatural growth of the small powerlooms would be to remove the very wide differential in excise tariff as between powerlooms and mills by giving up the levy of excise duty at compounded rates and replacement of the same by transferring excise levy to yarn and to processing. (7.18)

59. While fixing the actual rate of duty, the level of handicaps encountered by the powerlooms *vis-a-vis* mills in marketing the cloth should be taken into account. (7.18)

60. Increased supply of yarn in hank form along with the present concessional duty on yarn in this form and the withdrawal of excise concession, enjoyed by powerloom units in the shape of compounded levy would create proper conditions for the healthy growth of the various sectors and particularly the survival of the handlooms. (7.19)

61. The existing restrictions on the printing of cloth by mills may be removed and substituted by de-limitation of fields of printing for hand-printers. As recommended by the All India Handicrafts Board, printing of sarees with headings (border or pallav) or any bed spreads, bed covers and table covers with headings and borders should be reserved for the hand-printers. (7.23)

62. A representative of the All India Handicrafts Board should be included in the Cotton Textiles Advisory Committee for ensuring the working of the restrictions and for its periodical review. (7.24)

63. The existing restrictions imposed on composite mills under clause 20C(a) of the Cotton Textiles (Control) Order, 1948 on processing of cloth or yarn not produced by them should be withdrawn. (7.25)

CHAPTER VIII

64. The specifications relating to constructional particulars of cloth laid down in Schedule II annexed to the Textile Commissioner's Notification No. TCS.1/20 dated 22nd September, 1949 are unnecessary as they by themselves do not ensure minimum durability of cloth, but only add to the administrative work in the Textile Commissioner's Office. The Schedule may accordingly be withdrawn in so far as non-controlled categories of cloth are concerned. (8.5, 8.6)

65. Sufficient flexibility may be provided to the industry to produce varieties of cloth to cater to an increasingly sophisticated market. (8.6)

66. The efforts of the Textile Commissioner should hereafter be directed to promoting the setting up of quality control departments in the various units of the mill industry. (8.7)

67. It is presumed that the Textiles Committee in furtherance of the objectives of the Textiles Committee Act, 1963 would take steps to ensure standards in the quality of textiles and also evolve a code of discipline to be observed by the members of the industry. (8.7)

68. The constructional particulars of dhoties and sarees introduced under Schedule II.A as part of the control mechanism has out-lived its utility as deviations from the schedule in as many as 286 cases were allowed. There is, therefore, little justification for the retention of this schedule. (8.8)

CHAPTER 'IX'

STATUTORY CONTROLS ON PRODUCTION AND PRICES

69. Controls on production and prices on mill-made cloth should not be perpetuated for ever, but should be subjected to review periodically, having regard to the availability of cotton and the supply position of cloth with a view to determining the feasibility of its withdrawal. (9.10)

70. In view of the present low level of cloth stocks representing only about a month's production, and the inadequate production of cotton to meet the increasing consumption by mills, controls over production and prices of cloth should continue for the time being. (9.10)

CHAPTER X

MARKINGS ON CLOTH AND YARN (8.5.7)

71. Since under the provisions of the Trade and Merchandise Marks Act, stampings relating to the name of the manufacturer, length, width and the type of cloth by which it is commonly known, are to be compulsorily stamped on cloth pieces, there is no need for more or less identical markings being prescribed by the Textile Commissioner. The stamping of 'texmark' on all categories of cloth pieces may be dispensed with. (10.5)

72. There is no utility on insisting on merchant's trade number being stamped on cloth pieces. (10.6)

73. There should be no compulsion on mills to stamp the month and year of packing in so far as non-controlled varieties of cloth are concerned. These markings may, however, continue in respects of controlled varieties. (10.6)

74. The manufacturer's name and the description of yarn which are required to be stamped on yarn under the Trade and Merchandise Marks Act are considered adequate and hence the markings prescribed under the Cotton Textiles (Control) Order may be removed. (10.8)

75. For cloth and yarn bales, the existing markings may continue except that the manufacturer's name may be substituted for 'texmark' and the stamping of month and year of packing may be discontinued. (10.9)

TEXTILE MACHINERY

76. It is of the utmost importance that the organisation which is to be placed in charge of development of textile machinery manufacture should be a well integrated one in order that there may not be any short-fall in the production of textile machinery. (11.2)

77. The procedures relating to licensing of textile machinery manufacture should really help and not retard the growth of the industry. The most effective way of reducing delays is to create as few agencies as are absolutely necessary in processing of applications for licences, issue of capital goods and approval of foreign collaboration. The existence of a number of agencies dilutes responsibility at various levels with the result that no agency can singly be held responsible for the attainment of targets. (11.5)

78. There has to be close co-ordination between the engineering industry which produces the capital goods and the user industry which actually installs and works them. Where feasible, it is most desirable that a single agency be made responsible for both. (11.6)

79. While the idea of entrusting the responsibility for the development of the plant and machinery to one Directorate is unobjectionable, there should not be a doctrinaire approach to this problem and in cases where specialised knowledge, apart from general engineering background, is required for the development of a particular sector of the engineering industry, it should not be insisted that the work should be looked upon as a part of the general engineering industry merely for the sake of ensuring uniformity. (11.7)

80. In all these cases, the approach should be how best the particular line of the industry can be developed and not whether a uniform approach in so far as the engineering industries are concerned is necessary or not. (11.7)

81. Where an engineering industry can be isolated from the Director General of Technical Development, having regard to the special requirements of the particular branch of the industry, there should be no hesitation to keep it as a separate entity and seek other means for ensuring co-ordination with the Director General of Technical Development. (11.7)

82. The transfer of work to the D.G.T.D. would result, apart from increase in administrative expenditure, in delays and duplication of work. (11.8)

83. The work relating to the development of the textile machinery manufacturing industry should continue to be dealt with by the Textile Commissioner. (11.9)

84. There is force in the criticism that the Textile Commissioner's office does not have sufficient experienced staff to look after the development of textile machinery manufacture. This deficiency can and should be

made good by posting a qualified mechanical engineer who has specialised in textile engineering. If a candidate is available in the organisation of the D.G.T.D., he should be drawn from the cadre of that organisation. (11.10)

85. The Director General of Technical Development can play a very useful role in the licensing and development of textile machinery manufacture. He should be associated in the consideration of applications for licensing of textile machinery manufacture and also be represented at meetings of the local Capital Goods Committee (Bombay) whenever applications for machine tools are considered. (11.11 and 11.12)

86. The remedial measures suggested by the Mathur Study Team on the Directorate General of Technical Development on industrial licensing procedures could be applied to textile machinery cases with advantage. (11.21)

87. The modified role visualised by the Mathur Study Team for administrative Ministries, will in the case of applications for textile machinery manufacture, be applicable to the MEI section. (11.21)

88. Consistent with recommendation 85, the DGTD should also be included in the list of those to be consulted so far as textile machinery applications are concerned. (11.21)

89. The recommendations of the Mathur Study Team in regard to handling procedures within the technical advice agency and in the Ministry of Industry may be adopted with advantage. (11.22)

90. Within the Textile Commissioner's office, the Textile Machinery Branch should not take more than 21 to 45 days to forward comments to the secretariat of the Licensing Committee. (11.22)

91. The recommendations made by the Mathur Study Team to streamline procedures regarding import of capital goods should be followed here too.

92. The revised form of application suggested by the Mathur Study Team which would ensure that parties gave all the relevant necessary information for use of the DGTD and the Chief Controller of Imports-Exports in the very first instance and reduce the need for back references should be prescribed for use by importers of capital goods. (11.27)

93. A time table for handling applications for import of capital goods within a range of 23 to 28 days upto the stage a brief is prepared for the Local Capital Goods Committee is recommended. (11.28)

94. As suggested by the Study Team on the Import-Export Trade Control Organisation, the Textile Machinery Branch should obtain package clearances from the DGTD in respect of items falling under general engineering industries. Such a package clearance should be considered valid for a period of one year and should be obtained at the beginning of each licensing year. (11.29)

95. A package list may still leave a number of situations unprovided for and for these the presence of a representatives of the DGTD in the

meetings of the Local CG Committee (recommendation '85) should prove useful. If care is taken to send papers to the representative well in advance, he should be able to give his advice on the indigenous angle in the meeting itself. (11.30)

96. In instances not covered by the package list and where the value of import is less than Rs. 5 lakhs, indigenous clearance will continue to have to be obtained from the DGTD through correspondence. The Development Directorate concerned in the DGTD should give the clearance within a period of 20 days. (11.31)

97. There is no justification for keeping under central control an industry which legitimately should be the responsibility of the States. The responsibility for the development of sub-Rs. 25 lakh units engaged in the manufacture of textile machinery should accordingly be transferred to the State Governments. (11.38 and 11.39)

98. It is not intended that with the above delegation to the State Governments, the Textile Commissioner should be divested of all responsibility in the matter of development of small and medium units. The Textile Commissioner should continue to be responsible for overall planning and development of the textile machinery industry. (11.40)

99. In respect of the non-licensed sector going over to the States, the responsibility of the Textile Commissioner should be as under:—

- (i) Broadly, the Textile Commissioner's role vis-a-vis the non-licensed sector proposed for transfer to the States should be analogous to that of the Development Commissioner, Small Scale Industries vis-a-vis small industries already under the charge of State Governments.
- (ii) The Textile Commissioner should keep himself informed through State Directors of Industries about essential facts relating to the development of the industry. For this, he may prescribe suitable returns which bring in information about the number of units, their capacity and production, etc.
- (iii) He should be competent to issue guide lines to the State Directors of Industries on various aspects. In particular, he should bring out a brochure periodically giving particulars of textile machinery items for which creation of capacity may be encouraged. There should be a positive programme of documenting the expertise available in the Textile Commissioner's office to the maximum extent possible, and making it available to prospective entrepreneurs in the non-licensed sector through the State Directors of Industries, small industries service institutes and other suitable channels.
- (iv) The bulk allocation of foreign exchange to cover the requirements of raw materials and components of the non-licensed sector should come first to the Textile Commissioner who should then make State-wise allocations having regard to all relevant factors. In the States, the allocation should be treated as an earmarked one, not to be merged with the SSI allocation. This

is necessary to ensure that the gratifying progress made in the development of this important industry is maintained even in the new arrangement.

(v) Cases of new units involving foreign collaboration should have to be cleared by State Directors of Industries with the Textile Commissioner.

(vi) So should cases of import of capital goods. Capital goods applications of this sector should be processed by the Textile Commissioner and the Local Capital Goods Committee on lines similar to procedures obtaining in the DC, SSI's organisation for Capital Goods requirements of small scale industries generally. (11.40)

100. The responsibility for approving foreign collaboration terms for the manufacture of textile machinery in the non-licensed sector should rest with the Textile Commissioner and only in cases of doubt, need cases be referred to the Ministry of Industry. (11.43)

101. There is need for the Textile Commissioner to reduce delays in the processing of foreign collaboration cases. Not more than 15 to 20 days should be taken by the Textile Commissioner in dealing with such cases after powers have been delegated to him. (11.44)

102. While the enabling provisions regarding direction of sale should remain, the system of registration required under the Textile Machinery (Production and Distribution) Control Order, 1962 should be done away with. (11.49)

CHAPTER XII

ASSISTANCE RENDERED BY THE TEXTILE COMMISSIONER TO THE TEXTILE INDUSTRY IN SECURING SCARCE ITEMS OF SUPPLY

103. Considering the very limited role of the Textile Commissioner in the allocation of coal and the relatively easy position of coal supplies, it is no longer necessary for Textile Commissioner to be burdened with this work. (12.5)

104. The millowners' Associations of Ahmedabad and Indore are playing a very useful role in "pooling" available supplies of coal in their areas. The system of "pooling" may be extended to other areas. (12.5)

105. The Indian Cotton Mills Federation may be asked to bulk the demands of the various coal consuming units and also prepare unitwise allocation on the advice of the various millowners' associations. Allotments to the units may be made by the Federation. (12.5)

106. The targets for wagon requirements can be framed by the Railway Board itself after taking into consideration previous movements, the details of which can be obtained from the different railway stations. If necessary, the Railway Board may consult the Indian Cotton Mills Federation, the starch manufacturers' association, the machinery manufacturers' association and the East India Cotton Association and secure necessary information. (12.7)

107. In so far as streamlining the procedure for allocation of iron and steel items to the textile industry is concerned, the recommendations of the Knadilkar Committee may be awaited. (12.16)

CHAPTER XIII

REVIEW OF STATISTICAL FORMS AND RETURNS

108. The report of the Sub-Committee appointed to review the forms and statistical returns submitted to the Textile Commissioner is reproduced at Annexure 8. The committee has recommended elimination of four monthly returns viz. PI, CC, 'D' and the return on cloth earmarked for cooperative stores and fair price shops. The forms, where revised are given as appendices to the report. (13.4)

109. There is need for introducing mechanisation for tabulation of data in the Textile Commissioner's office. (13.5)

110. It is necessary to have a standing advisory body to review continually the various statistical returns submitted by the industry. (13.5)

K. K. SHAH,
Chairman.

R. DORAISWAMY,
Member.

P. SABANAYAGAM,
Member.

N. K. MUKARJI,
Member.

A. N. BISWAS,
Member.

R. L. BHINGE,
Member.

R. PARAMESWAR,
Member—Secretary.

Bombay,
18th April 1966.

ANNEXURES

Annexure 1.

(Para 1.6)

List of representatives of organisations of industry, trade handlooms, textile technicians and State Governments.

AHMEDABAD.

Industry:

1. Shri H. C. Mangaldas, President, Millowners' Association, Ahmedabad.
2. Shri N. S. Shodan, BOZIBOR
3. Shri H. G. Acharya, Secretary, Millowners' Association, Ahmedabad.
4. Shri Jayantilal Amritlal, President, Saurashtra Millowners' Association.
5. Shri A. P. Shah, Secretary, Saurashtra Millowners' Association.
6. Shri H. A. Desai, Madhya Pradesh Textile Mills Association, Indore.
7. Shri S. A. Kher, Calico Mills, Ahmedabad.
8. Shri C. H. Desai, Arvind Mills, Ahmedabad.

Trade:

- | | | |
|-------------------------|---|---|
| 1. Shri A. D. Sutaria | } | Representing the Maskati Cloth Merchants Association, Ahmedabad |
| 2. Shri H. T. Shah. | | |
| 3. Shri H. H. Bhagavati | | |

Processors:

- | | | |
|---------------------|---|---|
| 1. Shri J. H. Shah | } | Representing Textile Processors Association, Ahmedabad. |
| 2. Shri R. M. Patel | | |
| 3. Shri Ganidhani | | |
| 4. Shri Karimbhai | | |

Powerlooms:

1. Shri Indravadan I, Shah
2. Shri G. Parikh.
3. Shri Vasanthbhai J. Shah
4. Shri J. P. Shah
5. Shri Chandrakant Patel

Research Association:

The Director, Ahmedabad Textile Industries, Research Association

Labour :

Shri S. R. Vasavada, Textile Labour Association, Ahmedabad.

Government of Gujarat :

1. Shri S. M. Dudani, Secretary, Department of Agriculture.
2. Shri S. M. Ghosh, Director of Industries.
3. Shri G. A. Patel, Director of Agriculture.
4. Shri P. P. Singla, Deputy Secretary, Industries Department.

BOMBAY*Industry :*

1. Shri Ramnath A. Podar.
2. Shri Krishnaraj M. D. Thackersey.
3. Shri Neville Wadia.
4. Shri Kasturbhai Lalbhai.
5. Shri P. D. Singhania.
6. Shri C. H. Campbell
7. Shri Mohanlal Shah.
8. Shri B. G. Kakatkar, Secretary General, Indian Cotton Mills Federation.
9. Shri R. L. N. Vijaynagar, Secretary, Bombay Mill Owners' Association.

Cotton :

1. Shri M. R. Ruia, Chairman, East India Cotton Association.
2. Shri R. G. Saraiya, Bombay.
3. Shri Ramdas Kilachand, Vice-Chairman, East India Cotton Association.
4. Shri Hansraj Jivandas.
5. Shri Jehangir Patel.
6. Shri D. G. Damle.

Cloth Trade:

Shri Navnitlal Shah, President, Piece Goods Merchants Mahajan, Bombay.

Machinery Manufacturers:

1. Shri L. T. Gholap, President, Tex. Mach. Mfrs. Assn., Bombay.
2. The President, Association of Merchants & Manufacturers of Textile Stores and Machinery (India), Bombay.

CALCUTTA***Industry:***

1. The President, West Bengal Millowners' Association, Calcutta.
2. Shri T. P. Chakravarti of M/s. Mohini Mills Ltd.
3. Shri A. B. Gurung, Secretary, Kalyani Spinning Mills (Government Undertaking).

Trade:

- | | | |
|---|---|--|
| <ol style="list-style-type: none"> 1. Shri M. K. Mookerjee. 2. Shri H. L. Dhandhanian. 3. Shri R. R. Bhiwaniwala. 4. Shri N. R. Poddar. 5. Shri M. L. Patodia. 6. Shri V. Taparia. 7. Shri M. L. Agarwal. 8. Shri L. R. Dasgupta. | } | Representing the Bharat
Chamber of Commerce,
Calcutta. |
|---|---|--|

Powerloom:

Shri Mukhopadhyaya, President, The West Bengal Powerloom Factories Association, Calcutta.

Government of India:

Shri Nagendra Bahadur, Iron & Steel Controller, Calcutta.

Government of West Bengal:

1. Shri U. Chatterji, Director of Industries.
2. Shri S. Banerjee, Administrative Officer, Textiles.
3. Shri S. Choudhary, Asstt. Director, Textiles.

COIMBATORE***Industry:***

1. Shri R. Venkataswami Naidu.
2. Shri P. V. Mackay Esq.
3. The President, Tamil Nad Millowners' Association, Madurai.

Trade:

The President, Tirupur Cotton Merchants' Association, Tirupur.

Handloom:

1. The President, Coimbatore Powerloom Owners' Association, Coimbatore.
2. The Mysore State Handloom Weavers' Co-operative Society, Bangalore.

Government of Mysore:

1. Director of Industries, Bangalore.

DELHI

Industry:

1. Shri Trilokinath Sharma, C/o Delhi Cloth & General Mills, Delhi.
2. Dr. Bharat Ram, C/o Delhi Cloth & General Mills, Delhi.
3. Shri G. D. Kedia. } Representing Delhi & Punjab
4. Shri Shiv Onkar. } Cotton Textile Millowners'
5. Shri M. L. Nandalong. } Association, New Delhi.

Trade:

1. President, Kanpur Kapra Committee.
2. Shri Brij Bushan Saran, Hindustan Mercantile Association, Delhi.

Government of Punjab:

Shri Ajail Singh Auja, Cotton
Extn. Officer.

Representing the Director of
Agriculture, Govt. of Punjab.

HYDERABAD

Industry:

1. Shri P. D. Singhania—Kanpur.
2. Shri Sitaram Jaipuria—Kanpur.
3. Special Officer, D.B.R. Mills Ltd.
4. The Director, Akkamba Textiles.
5. The General Manager, Neta Co-operative Spinning Mills.
6. The Managing Director, Azamzahi Mills Ltd.

Government of Andhra Pradesh:

1. Shri Pratap Reddy, Director of Industries & Commerce.
2. Additional Director of Industries.
3. Registrar of Co-operative Societies.
4. Director of Handlooms.
5. Dr. Ram, Deputy Secretary, Industries Department.

MADRAS

Industry:

1. Shri D. C. Kothari, Kothari Textiles Ltd.
2. Shri P. R. D. Carmichael Esq., C/o Buckingham & Carnatic Mills Co. Ltd., Madras.

Trade:

1. The President, Madras Yarn Merchants' Association, Madras.
2. The President, Southern India Yarn Federation, Madras.
3. The President, Cloth Merchants' Association, Madras.
4. Shri L. Srinivasan, Indian Industrials, Madras.

Handlooms:

1. Shri M. P. Nachimuthu, President, Tamil Nadu (Madras State) Handloom Weavers' Co-operative Society Ltd., Madras.
2. Shri Pargada Kotiah, President, Andhra Pradesh Handloom Weavers' Co-operative Society, Vijayawada.
3. Shri M. Somappa, President, Yemmignur Weavers' Co-operative Production and Sales Society Ltd., Yemmignur, Andhra Pradesh.
4. Shri M. S. A. Masjid, 34-1st Main Road, Gandhi Nagar, Madras-20.

Government of Andhra Pradesh:

Shri V. K. Dar, Director of Handlooms, Andhra Pradesh, Hyderabad.

Government of Madras:

Shri I. Mahadevan, Director of Handlooms, Madras

Annexure 2 (Para) 3.3)

Chart showing major points of control over production, processing, price and distribution of cotton

Cotton	Points of control	Details of control	Reference to relative provision	Objective
<i>I. Production</i>				
In the field.	* Grower	No control on growers except by State Govt. demarcating of areas for growing cotton of certain selected varieties as may be specified and prohibiting movement of other types of cotton and cotton seeds to those areas.	Cotton Ginning & Pressing Factory Act.	Maintenance of purity of cotton.
<i>II. Processing</i>				
Ginning & pressing by growers	* Grower	No control except for enabling provision for compulsory ginning by specified date to be prescribed and for prohibiting holding of Kapas.	13 C.C.O. 1955	To prevent holding of Kapas
by other than growers	** Other than Growers	Required to take out 'A', 'B' or 'C' class licence. 'A' class issued by Textile Commissioner, 'B' & 'C' issued by State Governments.	7 C.C.O. 1955	Channel of distribution
	* Mills	Restriction on stocks held by Mills.	6 C.C.O. 1955	Equitable distribution.
<i>III. Price & Distribution</i>				
	(M) (D) (B)	(i) Required to take out 'A', 'B', 'C' class licences (see previous item)	7 C.C.O. 1955	Channel of distribution.
	(M) (D) (B)	(ii) Purchase or sale of cotton to be effected between the floor and ceiling prices fixed by the Textile Commissioner.	3 & 4 C.C.O. 1955	Price Control

(M) (D) (B)	(iii) Sales by licensees restricted to other licensees or Mills.	7 C.C.O. 1955	Channel of distribution
* Dealer	(iv) Enabling provision to prohibit transport of cotton or Kapas.		
** Dealer	(v) Returns 'A' to be submitted by 'A' class licensees other than Banks and Mills.	15(1) C.C.O. 1955	Returns
(M) (D) (B)	(vi) 'B' class licensees to submit 'C' returns to Licensing Authorities.	14(A) C.C.O. 1955	Requisitioning
*	(vii) Enabling provision to compel sale of specified quantities to specified persons		
**	(viii) Purchase of Cotton by Mills for own consumption subject to the maximum quantities being specified by the Textile Commissioner.	5 C.C.O. 1955	Distribution
** Mills	(ix) Mills to submit CST-H returns to Textile Commissioner.	SRO 1150 dt. 30-5-55	Returns
** Mills	(x) Mills specially permitted to purchase Kapas to ensure that the ultimate price does not exceed the appropriate ceiling price.	Notification No. 2299 dt. 16-7-65	Price control.

LEGENDS: (M)—Mills
(D)—Dealer
(B)—Bank
*—Compulsory provision
*—Enabling provision
CCO—Cotton Control Order.

Annexure 3 (Para) 3.3)

Chart showing major points of control over production, processing, price & distribution of yarn.

Yarn	Points of control	Details of control	Reference to relative Provisions	Objective
<i>I. Production</i>				
(a) Control on means of production	**Mills	(i) Industrial licensing	I.D.R. Act or certificate of registration for units set up earlier	
	**Mills	(ii) Control over acquisition and installation of spindles	12(8) C.T.C.O.	To prevent lopsided growth
(b) Quantitative & qualitative restrictions	**Textile Machinery Manufacturers	(iii) Control over sales of spindles	12(8) C.T.C.O.	Do.
	**Mills	(i) Enabling provision for production of class of yarn including quantities thereof	20(1) C.T.C.O. (Not enforced at present)	Not made use of
	**Mills	(ii) Prohibition of production of yarn out of cotton or cotton-waste not owned by mills	20(C) C.T.C.O.	To assist decentralised sector
<i>II. Processing</i>				
	**Mills	Prohibiting processing of yarn not self produced and enabling provision for processing of yarn of producer not having a spinning plant or of hand-loom weavers	12(A) on buying of yarn by mills	
<i>III. Price & Distribution</i>				
(a) Control over manner of packing and marking	**Mills	Packing and marking to be done in the specified manner and subject to limits of tolerance	Trade & Merchandise Mark Act & 21(2), 22(b) & 23 C.T.C.O.	Quantity control
(b) Control over prices				

(c) Control over distribution

**Mills

**Mills

(i) Yarn obligation to be fulfilled by producer (Yearly)

(ii) Restriction on quantity to be held by whole sale dealers 25 C.T.C.O.

(iii) Enabling provision to require sale of specified quantity of yarn to persons specified by Textile Commissioner for securing equitable distribution of yarn. 30(2) C.T.C.O.

Sale of yarn to decentralised sector

Distribution of yarn

Distribution of yarn

LEGENDS: **Compulsory Provision

*Enabling Provision

C.T.C.O.—Cotton Textile Control Order

J.D.R. Act—Industrial Development Regulation Act.

Annexure 4 (Para) 3.3)

Chart showing major points of control over production, processing, price & distribution of cloth.

Cloth	Points of Control	Details of Control	Reference to relative Provisions	Objective
<i>I. Production</i>	**Mills	Industrial Licensing	I.D.R. Act 1957	
	**Mills	Control over acquisition or installation of looms or change of location except with Textile Commissioner's permission and specification of reed space	12(6), 6(A), 6(B) of C.T.C.O.	Prevent production by unauthorised looms
	**Mills	Control over sales of looms	12(C) of C.T.C.O.	
	**Mills	Control over quality of cloth	20(1) and (2) of C.T.C.O.	The clause under which the whole cloth control works, all production control orders, reservation orders for the decentralised industry under this clause
	**Mills	Control over oversizing of cloth by wheat-flour, starch, potato etc.	12 & 13 C.T.C.O.	Prevent misuse of food articles
	**Mills	Control over dismantling of looms	32 C.T.C.O.	To maintain production
<i>II. Processing</i>	**Mills	Control over outside processing	20(C) C.T.C.O.	To protect decentralised processor
<i>III. Distribution</i>	**Mills	Control over sales in specified packing	21(1) C.T.C.O.	Ensure quality to make the consumer aware of the type
	**Mills	Control over prices	22, 23, 24, 27, C.T.C.O.	To make cloth available at specified prices,
	*Mills	Enabling provision (not used) control by States on wholesalers, or quantity of cloth to be held by them	Section 25	Permissive

*Mills	Control over sales by direction to sell to a particular person	Section 30(2)	Equitable distribution of cloth
**Power Looms	Control over acquisition and/or installation of Power looms or change of location except Textile Commissioner's permission and specification of reed space	12(C), 6(A), 6(B) C.T.C.O.	Prevent production by unauthorised power looms
**Power Looms	Control over quality of cloth	20(1), (2) C.T.C.O.	The clause under which the wholecloth control works, all production control orders, reservation orders for the decentralised industry issued under this clause
**Power Looms	Control over sales of power looms	12(C) C.T.C.O.	

LEGENDS: **Compulsory Provision
 *Enabling Provision
 C.T.C.O.—Cotton Textile Control Order
 I.D.R. Act—Industrial Development Regulation Act.

ANNEXURE 5

(Para 4.36)

PROPOSED APPLICATION FORM

No.

Date

Place

To,

The Textile Commissioner,
(Cotton Branch),
Office of the Textile Commissioner,
Post Bag No. 10004,
BOMBAY-1.

Subject:—Additional quota of Indian cotton for the current season, viz.,
196 —196 .

Sir,

We request you to give us an additional allocation of Indian cotton over and above the basic quota of _____ bales allowed to us on the basis of the consumption of Indian cotton during the past year. The consumption during the period 196 —196 was _____ bales. We request that additional quota of _____ bales of Indian cotton may be allotted to us for the following reasons:—

- (i) The spindleage in the mill has increased from _____ to _____. The average number of spindles actually worked per shift per month on Indian cotton during the last cotton season and also during the current season upto the previous months were as follows:
- (ii) The mill has to put in extra effort for meeting Defence Requirements and/or for meeting Exports Orders, as indicated below:
- (iii) There has been an increase in efficiency in operating the machinery in the units, as indicated below:
- (iv) There has been an increased production of cloth in coarse counts.
- (v) There has been an increase in the number of shifts operated by the mill, as indicated below:
- (vi) Owing to strike/power-cut, the mill remained closed/partially closed during the months in the previous year and hence the consumption shown above does not reflect the actual requirements of the mill.

(vii) The stocks of Indian cotton as on the 1st September 19 and on date are indicated below variety-wise:

Variety 1st September 19 on date of application

The carry-over stock(s) of the varieties indicated above with asterisk has/have fallen below the normal requirement(s) and need(s) to be replenished immediately till that/those variety/ varieties is/are marketed from fresh crops.

(viii) Any other relevant particulars.

Yours faithfully,

()

Part III

HOSIERY MACHINES INSTALLED IN THE MILL

Item	Actual No. installed as on 31st December			Average capa- city per machine per Shift	Changes in the machinery during the year			
	Indi- genous	Impor- ted	Total		Replacement		Additions	
1	2	3	4	5	6	7	8	9

Preparatory Machines.

1. (a) Bottle Bobbin Winder
(b) Cone cheese winder
(c) Any other (type to be indicated separately for each)
2. Rubber thread covering machine
3. Socks knitting machine
(a) Plain
(b) Rib
(c) Jacquard
(d) Others specify
4. (a) Sinker kier knitting machine
(b) Non-sinker kier knitting machine.
5. Interlock knitting machine
6. Rib knitting
7. Loop wheel knitting machine
8. Pile knitting machine
9. Pearl knitting machine
10. Double knit machine
11. Fully fashioned knitting machine
12. Flat Bed link knitting machine
13. Muffler making machine;
14. Knee cap machine
15. Eyelet machines
16. Others (specify)

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

Processing Machines

1. Rotary washing
2. Scouring
3. Dyeing
4. Winches
5. Trimming
6. Boarding
7. Pressing
8. Drying machine—Hydroextractor
9. Brushing
10. Printing
11. Calendering
12. Decasting
13. Vacuum Steaming
14. Others (specify)

Auxillary Machinery

1. Ticketing
2. Stamping
3. Chending or Darning
4. Automatic packing
5. Laying up machine
6. Cutting machines
7. Linking Stitching machines
 - (a) Overlock
 - (b) Chain lock
 - (c) Flat lock
 - (d) Others
8. Others to be specified.

Certified that the above particulars have been checked with the records of the mill and that they are, in so far as I can ascertain, accurate and complete.

Date.....

Place.....

Signature of Manager
or
Managing Agent.

ANNEXURE 6
(Para 4.41)
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
OFFICE OF THE TEXTILE COMMISSIONER
BOMBAY

Seal of the
Govt. of India

AUTHORISATION CARD FOR
IMPORT OF FOREIGN COTTON BY MILLS.

NAME OF THE MILLS:

ADDRESS:

NO. OF SPINDLES INSTALLED.

COTTON LICENCE NO.

TEX. MARK NO.

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
OFFICE OF THE TEXTILE COMMISSIONER
BOMBAY**

BOMBAY

Dated _____, 1966

The Figures of consumption of foreign cotton during the basic year as recorded in the book of the Textile Commissioner are as under:—

VARIETY	CONSUMPTION DURING BASIC YEAR FOREIGN/BALES	WHETHER COOP. NEW MILLS
1. 1-3/16 and above . . .		
2. 1-1/16 to 1-3/16. . .		
3. Below 1-1/16 . . .		

The yarn production of _____ to _____ during the basic year _____ is as under

count of yarn. Production during the year.

The above figures will form the basis of allocation of imported cotton in actual user category.

**STAMP OF
THE TEXTILE COMMISSIONER.**

The columns in the table overleaf are to be completed by the Federation/ Mills as may be necessary as and when quota allocations are announced or on production of card by Mills.

**TO BE ENTERED BY THE INDIAN
COTTON MILLS FEDERATION**

	Quota release Date (Letter No. from Tx. C)
2	Quantity to be released
3	Date
4	Bales
5	Amount of premium 1-3/16 1-1/16
6	Authorisation by I.C.M.F.
7	Licence No. & date issued by J.C.C.I.E.
8	Date of import
9	Country of origin

RETENTION QUOTA CARD

Total certified export value	Cotton 1-3116 & above 1-1/16 to 1-3/16.	Sold to whom and date	Purchased from whom and date	Description & value of cotton
1	2	3	4	5

QUOTA FOR DEFENCE SUPPLIES

Textile Commissioner's allotment number and date—

Director of Sup- plies reference and date	No. of Sup- plies	Type of material ordered	Quantity	No. of bales of cotton required	Quantity of cloth executed	Balance quota, if any of cotton remaining unutilised	How adjusted & date.
1		2	3	4	5	6	7

ANNEXURE 7

(Para 5.13)

Registered A.D.

No.

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
Branch Secretariat (Textiles)
P.B. No. 10133,

BOMBAY

Dated the 196

From

Under Secretary to the Government of India.

To

SUBJECT:—Licensing of Industrial Undertakings under the Industries (Development & Regulation) Act, 1951—Revocation of licence.

Gentlemen,

I am directed to refer to the licence No. _____ dated the _____ granted to you for establishing a new industrial undertaking at _____/effecting substantial expansion to your existing industrial undertaking for the manufacture of _____ and to say that it has been brought to the notice of the Central Government that you have, without reasonable cause, failed to take effective steps towards establishment of the licensed undertaking and effect completion of the licensed expansion within the time-limit specified therefor in the licence. The Central Government, therefore, propose to revoke the licence in exercise of the powers vested in it under the Industries (Development and Regulation) Act, 1951.

2. Before the licence is revoked, however, you are hereby given this opportunity under Rule 17 of the Registration and Licensing of Industrial Undertakings Rules, 1952, to state your reasons, if any, as to why the licence should not be revoked. Your reply (in duplicate) must reach this office on or before the _____

A copy of your reply may also be simultaneously endorsed to the Ministry of Commerce, New Delhi, and the Director, Industrial Licensing, Office of the Textile Commissioner, Bombay. If no reply is received in this office by the date aforesaid, it will be assumed that you have no objection to the revocation of the licence and accordingly the licence will be revoked without any further reference to you.

3. You are advised that no steps of any kind taken by you after receipt of this letter by you towards the implementation of the terms of the aforesaid licence will be taken into consideration for the purpose of this letter. You are further advised not to take any steps of any kind towards such implementation after receipt of this letter.

Yours faithfully,

Under Secretary to the Govt. of India.

Copy to:—

1. The Ministry of Commerce, 'Udyog Bhavan', New Delhi. (with 2 spare copies).
2. The Secretary, Department of Industries, Government of— with a request that his remarks, if any may kindly be forwarded to the Ministry of Commerce, New Delhi, under intimation to this Branch Secretariat.
3. Director of Industries, Government of——
4. The Director, Regional Office of the Textile Commissioner,——.
5. Cotton Industry Branch (M.P. Section), Office of the Textile Commissioner, Bombay.

Under Secretary to the Govt. of India.

ANNEXURE 8

(Para 13.4).

REPORT OF THE SUB-COMMITTEE SET UP BY THE STUDY TEAM TO RATIONALISE THE STATISTICAL RETURNS SUBMITTED BY THE TEXTILE UNITS TO THE TEXTILE COMMISSIONER.

The Study Team appointed to go into the working of the Textile Commissioner's Organisation, constituted a sub-committee to review the various statistical returns furnished by cotton textile mills to the Textile Commissioner with a view to rationalising and simplifying them, and to the extent possible, minimising the number of such returns.

2. The sub-committee was constituted with the following:—

- | | |
|--|----------|
| (i) Shri R. Parameswar, Deputy Textile Commissioner, Bombay | Chairman |
| (ii) Shri R. L. N. Vijayanagar, Secretary, Millowners' Association, Bombay | Member |
| (iii) Shri Fali Pestonjee, C/o Tata Mills Ltd., Bombay. | ” |
| (iv) Shri L. B. Mathur, Bombay Dyeing & Mfg. Co. Ltd., Bombay | ” |
| (v) Shri C.V. Radhakrishnan, Deputy Secretary, Indian Cotton Mills' Federation, Bombay | ” |
| (vi) Shri T. V. Sundararajan, Deputy Director, Textile Commissioner's Office, Bombay | ” |
| (vii) Shri S. Padmanabhan, Deputy Director, Textile Commissioner's Office, Bombay | Convenor |

3. The sub-committee held nine meetings before finalising its report on the 23rd April, 1966.

Approach to the problem

4. Under the Central Government's Notification No. SRO 1150, dated 30th May, 1965, all cotton textile mills have been enjoined to submit the following returns to the Textile Commissioner:

- | | |
|---------------------|-----------|
| (1) CST-A | annual |
| (2) CST-B | monthly |
| (3) CST-C | monthly |
| (4) CST-D | monthly |
| (5) CST-F | monthly |
| (6) CST-G | quarterly |
| (7) CST-H | monthly |

The Textile Commissioner has also directed mills to submit the following returns in addition to the above:—

- | | |
|---|--------------------------------------|
| (1) P-I | monthly |
| (2) Telegraphic information of production figures . . . | monthly |
| (3) Stocks of cloth and yarn | fortnightly |
| (4) Cloth earmarked for consumer coop. stores . . . | monthly |
| (5) C-Form | no periodicity for controlled sorts |
| (6) D-Form | Monthly (for controlled sorts only). |
| (7) CC-Form | monthly (for controlled sorts only). |

Copies of the following monthly returns prescribed by the Coal Controller and the D.G.T.D. are also required to be sent to the Textile Commissioner:—

- | | |
|---------------------------|---|
| (1) Coal return | monthly (prescribed by the Coal Controller with a copy to Textile Commissioner. |
| (2) SPR-I form | monthly (prescribed by the DGT with copy to the Textile Commissioner) |

5. We have examined the contents of each return with reference to the objectives which such returns serve. Apart from utilising the material furnished in the returns for bringing out the Indian Textile Bulletin, (wherein statistical data relating to important aspects of the industry are published), the returns are made use of for a variety of purposes. The Indian Textile Bulletin published monthly has a wide readership and serves as the source material for all statistical information pertaining to the textile industry.

6. We noticed that there was considerable time-lag between the month of issue of the Bulletin and the month pertaining to which latest figures were given. This time-lag, we were informed was due to non-receipt of the returns according to time schedule. Members representing the industry in the sub-committee, while recognising the need to submit statistical returns promptly by the units of the industry, felt that if only the number of returns and their periodicity could be reduced, it would be possible for the mills to adhere to time schedules. This would, apart from providing timely information to the Textile Commissioner, result in bringing out the Bulletin more speedily.

7. We proceeded to examine the various returns with the following objectives in view:—

- (i) whether any return or part thereof could be eliminated, if the data did not appear very essential;
- (ii) whether one or more could be amalgamated into a single multi-purpose return so as to serve the needs of more than one section in the Textile Commissioner's Office.

- (iii) whether the number of copies of the returns furnished could be reduced to the absolute minimum; and
- (iv) whether the various items listed in the returns could be rationalised.

8. Our recommendations with reference to each of these returns are given below:—

(1) CST-A Machinery Return

.... This is an annual return sent by every cotton textile mill furnishing the Textile Commissioner with a complete list of the various types of machinery installed in it. The return has to be submitted both by spinning and composite mills, (including units which use only staple fibre). The production capacity of a mill and the type of yarn and fabrics it can produce depend on the number and the range of machinery installed in it. Hence, the information given in the return is very useful and should be continued.

Although this return had been subject to revision from time to time, we found that there was scope for rationalising the items listed in it, having regard to the modernisation and rehabilitation that had taken place in recent years. The modified form recommended by us is appended to this report (CST-A Revised).

(2) CST-B Form Return

This return is submitted both by spinning and composite mills every month furnishing the Textile Commissioner with data relating to the activity of their spindles and looms, on each of the three shifts. Actual labour employed in each of the shifts is also given in this return. As it is vital that the Textile Commissioner should know the extent to which the installed capacity of a unit is put to use, this return should continue to be sent. No change has been suggested by us in the lay out of this return.

(3) CST-C Return

This is a monthly return furnished by mills giving details of their production, utilisation, and disposal of yarn and the stocks held by them at the end of every month. The information furnished in this return is arranged in four distinct blocks as under:—

- Block I details of production with reference to the cotton used in it.
- Block II-A . . . details of single yarn packed by mills with reference to the end-use.
- Block II-B . . . details of folded yarn packed by mills with reference to the end use.
- Block III-A . . . deliveries of single yarn with reference to the type of packing.
- Block III-B . . . deliveries of folded yarn with reference to the type of packing.
- Block IV-A . . . stocks of single yarn held by mills both sold and unsold.
- Block IV-B . . . stocks of folded yarn held by mills both sold and unsold.

Block I In the existing form, information relating to production of yarn is given with reference to the type of cotton used under the following heads:—

- (a) cotton waste;
- (b) Indian cotton;
- (c) foreign cottons of staple length 1" and below;
- (d) foreign cotton of staple length more than 1".
- (e) Indian cotton mixed with foreign cotton of staple length 1" and below;
- (f) Indian cotton mixed with foreign cotton of staple length more than 1";
- (g) staple fibre mixed with Indian or foreign cotton of staple length 1" and below;
- (h) staple fibre mixed with Indian or foreign cotton of staple length more than 1".

The staple length of cotton used in the manufacture of various counts of yarn is not as relevant as the mixing used. Hence, we suggest that the information may be given only with reference to the following classifications:—

- (a) cotton waste;
- (b) Indian cotton;
- (c) foreign cotton;
- (d) mixture of Indian and foreign cottons;
- (e) cotton mixed with staple fibre;
- (f) staple fibre—viscose; and
- (g) staple fibre—non-viscose.

Block II-A

Block II-B As already stated, details of packing and utilisation of yarn (single) is given in Block II-A and similar information in respect of folded yarn given in Block II-B. As over 90 per cent of yarn utilised is in singles, separate figures of count-wise packing of single and folded yarn are unnecessary. Hence, we suggest the merging of the two into one where information relating to utilisation of all yarn may be given. Mills may be asked to indicate against the total quantity of yarn utilised, figures separately for single and folded yarn.

Blocks III-A

Blocks III-B

Blocks IV—A

Blocks IV-B In accordance with the above recommendation, III-A and III-B should be merged into one viz. Block III; and

Blocks IV-A and IV-B should be merged into one, viz. Block IV.

Break-up of the total may be given in all cases separately for single and folded yarn.

The revised CST-C return, incorporating the above changes is appended.

(4) *CST-D Return*: The following information is furnished in this return by all composite mills:

- Part-I Production of cloth.
- Part-II Processing of cloth.
- Part-III Production, packing, deliveries and stocks of cloth.
- Part-IV Details of cloth sorts packed.

These returns should continue to be sent on a monthly basis. We, however, suggest the following changes in the lay out of the forms:

In Part II-A of the return, data relating to processing done by mills of its own cloth are to be given. In Part II-B similar information relating to processing done by mills of outside cloth are to be given. The data furnished in Part II-A also gives the type of processing done with reference to the excise categorisation of cloth.

In Part IV we are providing for details for the types of processing undergone by different categories of cloth. Hence, in Part II-A this information may be confined to the types of processing done. With this modification, it will be possible to do away with Part II-B. The information can hereafter be had under the following heads:

PART II-A

Type of processing	Mills own cloth	Other Mills cloth	Powerloom cloth	Handloom cloth	Total
Bleaching					
Dyeing					
Printing					
Sanforising etc.					
TOTAL					

In Part II-C of the return, figures of printing done against the printing quota fixed are to be given. As the Study Team is recommending the abolition of the system of allocations printing quotas to mills, there will be no need to continue this part.

Part III-A—Production, deliveries and stocks. No changes are suggested in this Part.

Part III-B—In this part of the return, the quantity of cloth processed together with details of processing are to be given. We feel that the information required to be given here would not be sufficient to assess correctly the quantum of cloth processed under different types of processing. What is more significant, is to know the types of processing done on important categories of cloth like dhoties, sarees, shirting etc. We have, therefore, provided for obtaining such detailed information on these aspects in Part IV. In view of the modification suggested for Part IV, the existing Part III-B could be deleted.

In Part IV of the return, the quantities of cloth packed for various purposes with reference to the different cloth sorts and according to excise classification are given. The classifications of cloth sorts require some re-arrangement in view of the changes in the pattern of production that have taken place in recent years. We referred this matter to the Sales Committee of the Bombay Millowners' Association. Based on their recommendations, we have re-arranged the headings so as to reflect the current pattern of production. We have also provided for obtaining detailed information regarding the types of processing undergone by important categories of cloth sorts.

The revised CST-D return after incorporating the various changes is appended.

(5) *CST-F—Staple Fibre statistics:*

In this monthly return, production and disposal of yarn and fabrics made out of hundred per cent staple fibre are reported. On an examination of the return, we found that the bulk of the particulars required to be furnished could conveniently be obtained in CST-C & CST-D returns, thus eliminating the need to submit a separate return by spinning and composite mills who use staple fibre. In the revised CST-C and CST-D returns, suitable changes have been made.

It will, however, be necessary for units which use only staple fibre (about 30 in number) to furnish the required information in the present return.

(6) *CST-G—Statistics on Cotton Waste:*

In this return, which is submitted quarterly by spinning and composite mills, data on the production, the purchase, the consumption, the sales and the stock of hard and soft cotton waste are furnished. This return may continue.

CST-H—Cotton Statistics:

Mills furnish details regarding their consumption of Indian and foreign cotton together with details of sales, if any, of such cotton effected by them. This is of vital use in determining the total cotton consumption by mills and, therefore, should continue. There is a provision in this return for furnishing details regarding—(a) Shifts worked during the month in the spinning department, and (b) the number of spindle shifts worked during the month. As the spindle activity is being separately reported in CST-B return, there is no need to provide again for this information here.

Along with the consumption of cotton, it is desirable to obtain the figures of consumption of staple fibre with a view to determining the progressive use of staple fibre by cotton textile mills. A foot note may be added at the end of the return to indicate the staple fibre consumption.

P-I Form:

Under the Textile Commissioner's Notification No. T.C.(24)/1/52, dated the 16th June, 1955, all producers have been directed to furnish complete information regarding various sorts of cloth produced by them

together with their constructional particulars of the cloth with reference to the number of looms worked on each sort, the total production and the average production per loom per shift. This return was prescribed with a view—

- (a) to assessing the categories of cloth produced by each mill, and
- (b) to ensuring that the cloth produced by mills conformed to the various production controls prescribed.

We were told that case studies made by the Study Team secretariat showed that little use was made of the information given in the P.I. form. In so far as controlled categories of cloth are concerned, necessary information is being furnished in Form 'C'. In the circumstances, we suggest that the submission of P.I. Form by mills (both for controlled and non-controlled categories of cloth) be discontinued.

Telegraphic Intimations regarding Provisional Figures of Production:

The Textile Commissioner has issued a directive to all spinning and composite mills that telegraphic intimation regarding their monthly production of yarn and cloth, and the stocks held by them at the end of the month, should be furnished so as to reach him by the first week of the month succeeding the month to which the information relates. Having regard to the present levels of stocks, we consider that the Textile Commissioner should continue to get this information telegraphically. It is, however, seen that the stock figures of yarn are being reported in the telegram with reference to the type of cotton (Indian, foreign or mixed) from which it is made. These are details which need not be intimated telegraphically.

Stocks on the 15th of Every Month:

In addition to sending the monthly return as mentioned above, mills are also sending telegraphically intimation regarding stocks of cloth held by them at the end of every fortnight, sold and unsold, both under 'controlled' and 'non-controlled' categories. Stocks of yarn held by the mills are also reported in the telegrams. Considering the present relatively low position of both cloth and yarn stocks, we recommend that this information may continue to be given in the present form. If and when the situation improves, we suggest that the fortnightly telegrams may be discontinued.

Cloth for Consumers' Co-operatives:

This is a monthly return in which mills report particulars of cloth earmarked for supply to consumers' co-operative and to fair price shops. We were told that this form was introduced in the middle of 1962 when Government of India formulated a scheme to set up Consumers' Co-operatives and fair price shops in large cities with a view to holding the price line of essential commodities. The Indian Cotton Mills' Federation agreed to earmark a fair cross section of each mill's production up to 10 per cent for delivery to consumers stores, as and when a certified demand was sent through a nominated authority of the state government. Members of the Committee representing the industry stated that except in case of branded goods of reputed mills, there was no difficulty in meeting the demands,

As the data furnished in this return is only a repetition of Part IV of CST-D, we recommend that a separate return should not be insisted upon. The purpose would be served if a copy of Part IV of CST-D is endorsed to the concerned Branch of the Textile Commissioner's Office.

C-Form:

Mills are required to send complete data in respect of each of the controlled sorts produced by them indicating the constructional particulars of the sort and the manner in which ex-factory and retail prices have been arrived at. We do not suggest any modification to this form.

D-Form:

This is a monthly return to be submitted by all composite mills giving information on the number of controlled sorts produced together with their ex-factory and retail prices. In fact, it is only a summary of the 'C' Forms sent by mills. As necessary information in this regard is already available in the 'C' Forms, there is no need to call for a separate return for this purpose. A certificate in regard to the production of different controlled varieties together with their ex-factory and retail prices, if furnished along with Part IV of CST-D, will serve the requirements of the price control branch.

CC-Form:

In this monthly return particulars of controlled sorts packed during a month are reported. The production of controlled sorts by each mill against its obligation is watched with the aid of this return. As the data reported in this form would be available in Part IV of the CST-D return (as revised), it will be sufficient if mills furnish to the Textile Commissioner a certificate along with CST-D about fulfilment of its obligations. A copy of Part IV of the cloth return CST-D (revised) together with the certificate should be endorsed to the production control wing. With this modification it will be possible to eliminate the 'CC' Form and at the same time ensure that the production control wing is posted with all the necessary information. We, therefore, recommend the discontinuance of this return.

The revised CSD-D Form is appended to this report.

Coal Returns:

This is a monthly statement submitted by all coal consuming mills to the Coal Controller, Calcutta, with a copy to the Textile Commissioner. This return has been prescribed under the Colliery Control Order. In this return receipts, consumption and stocks of coal held by the mills at the end of the month are reported. As the Study Team is recommending transfer of the work relating to coal allotments and demands to the Indian Cotton Mills' Federation, there will be need to get this return in the Textile Commissioner's Office.

SPR-I Form:

This is a monthly return indicating stocks, production and consumption of iron and steel items, submitted by quota holding textile machinery manufacturers to the Directorate General of Technical Development,

Ministry of Industry, New Delhi, with a copy endorsed to the Textile Commissioner. We understand that the Mathur Committee which has reported on the working of the DGTD have already suggested a revised proforma for this form. Hence we do not have any modifications to suggest.

Conclusions:

9. We have been able to eliminate five returns and rationalise some of the remaining. In addition, four returns (including the provisional telegraphic intimation) have been modified in order to leave out items of information which are duplicated at present. The net position of returns on the basis of our examination will be as follows:—

Particulars of Form	Number of Returns	
	Existing	Recommended
'C' Form	1	1
Fortnightly (Telegram)	1	1
Monthly	12	7
Quarterly	1	1
Annual	1	1
TOTAL :	16	11

10. We may mention, in this connection, that the day-to-day problems thrown up by actual working of over 600 units do not remain static. It might, therefore, become necessary for the Textile Commissioner to call for information which either has not so far been collected, or to obtain supplementary information of aspects so as to meet particular demands. Such situations cannot be set to pre-determined charting and should be left to be dealt with on an *ad hoc* basis. At the same time, it seems to us that except in cases of extreme urgency, data already available in the office of the Textile Commissioner should be put to maximum use to serve various types of needs. We would, therefore, suggest that before any *ad hoc* return is called for by any section of the office, the statistical and planning & coordination sections should be consulted as regards the availability of the required data in any of the existing returns. *Ad hoc* returns should be introduced only after due clearance from the above sections. We make special mention of this because the industry is reluctant to supply data which had already been made available. We further suggest the constitution of a standing committee, to be composed of both representatives of the industry and of the organisation to continually review the forms and returns.

11. We would like to mention in this connection, the importance of introducing mechanisation for tabulation of data. The textile industry is the largest organised industry in the country and the data collected cover almost all aspects of the working and functioning of the industry. It is vital that these data are properly collected and documented for future use so as to be of assistance in the formulation of plans for development and for evaluation of their progress. Mechanisation would further ensure speedier publication of the Bulletin.

12. In conclusion we would like to place on record our appreciation of the work done by Shri Padmanabhan who acted as convenor of the committee. His efficient and thorough work considerably lightened our task. We also like to place on record our appreciation of the assistance rendered to sub-committee by Shri Tahmane of the Indian Cotton Mills' Federation and Shri Jain of Bombay Mill Owners' Association.

Sd/- (R. Parameswar),
Chairman

Sd./- (R. L. N. Vijayanagar)
Member

Sd./- (L. B. Mathur)
Member

Sd./- (Fali Pestonjee)
Member

Sd./- (T. V. Sundarajan)
Member

Sd./- (C. V. Radhakrishnan),
Member

Sd./- (S. Padmanabhan)
Convenor

Shri Sundarajan has
approved the report
before going abroad
on U.N. assignment.

STATISTICAL MACHINERY RETURN CST—A

Zone No. Mill's Serial No.
 Entered by..... Checked by:.....

(Entries above this line should not be filled in by the person making the return)

- IMPORTANT:** 1. The form below should be filled in and submitted to the Office of the Textile Commissioner, P. Box No. 10004, Churchgate, Bombay No. 1 so as to reach not later than the.....
2. Machinery under 'Erection' should not be included in the return.
3. A copy of the form duly filled should simultaneously be sent to the concerned Regional Office also.
4. Mills are informed that failure to submit this return with all the necessary details before the scheduled date will be seriously viewed, as such a failure would amount to contravention of Section (3) of the Essential Commodities Act, 1955.

Name of the Mill (Spinning/Composite).....
 Full Address: Mill's Office:.....Mill's location:.....
 Tele. Address..... Tel. No.....

PART I

SPINNING AND WEAVING MACHINERY

Item	Actual No. Installed as on 31st December.....			Changes in machinery in the year			
	Indi- genous	Impor- ted	Total	Repla- cement		Additions	
				Indi- genous	Impor- ted	Indi- genous	Impor- ted
1.	2	3	4 (2+3)	5	6	7	8

A—Spinning & Preparatory.

1. Blow Room line
 - 1.1 Single process
 - 1.2 Conventional
2. Carding Engine
 - 2.1 Conventional Card
 - 2.2 High speed

1	2	3	4 (2+3)	5	6	7	8
3. Comber.							
3·1 Conventional							
3·2 High Speed							
4. Draw Frames—Total							
No. of deliveries.							
4.1 ordinary.							
of which finisher deliveries.							
4.2 High speed.							
of which finisher deliveries.							
5. Speed Frames—No. of spindles.							
5·1 Slubbing—							
5·2 Inter Ordinary							
Inter canfed—High draft.							
5·3 Roving Ordinary							
Roving Canfed							
High draft							
6. Ring and Mule Spindles—Total.							
6·1 Mule—No. of spindles							
6·2 Ring Warp—No. of Spindles.							
5 to 6" lift							
7 to 8" lift							
above 8" lift.							
Sub-Total (Ringwarp)							
6·3 Ring Weft—No. of spindles.							
5" lift							
7" lift							
over 7" lift.							
Sub-Total (Ring Weft)							
Total (6·1+6·2+6·3).							
7. Double Winder Spindles							
8. Ring Doubling Spindles.							
Conventional							
Fancy.							
9. Cone/Cheese Winding (for market yarn)							
10. Reeling Machine							
(a) Hand Operated							
(b) Power Operated							
11. Any other machines to be specified.							
B Weaving Preparatory.							

	1	2	3	4 (2+3)	5	6	7	8
<i>Automatic</i>								
1. Plain								
2. Drop Box								
3. Terry								
4. Canvas								
5. Others								
Total								
18. No. of Non-woven fabric machines								
19. <i>Cotton Waste Plant</i>								
(a) Cotton Waste breaker and Finishing card Sets								
(b) Cotton Waste Spinning spindle								
(i) Cotton Waste Bump male spindle								
(ii) Cotton Waste Ring spinning spindle								
(iii) Cotton Waste Chapon frame spindle								
(iv) Cotton Waste Box frame spindle								
(v) Other kinds, of any (specify the type)								
(c) Waste Blanket Looms.								

Part II

PROCESSING EQUIPMENT

Details of Bleaching, Dyeing, Finishing, Printing and Mercerising Machinery installed as on.....

Please read the following instructions carefully before filling in the form.

- Instructions :
1. Capacity per machine per shift in respect of items under A,B, C,D (except 7 and 8 in D) should be expressed in terms of metres.
 2. For items under 7 and 8 of D, capacity should be in litres or gallons.
 3. Capacity in respect of other items i.e. F & G should be in terms of kilograms.
 4. Capacity of each of the items listed in the proforma should be indicated separately.
 5. In case there is no figure to be indicated in any column against any item the same should be indicated clearly as 'Nil'.
 6. 'Others' means not covered under items A to G.

Items	Actual No. installed as on 31st December.			Average capacity per machine per shift	Changes in the machinery during the year			
					Replacement		Additions	
	Indi- gen- ous	Im- ported	Total		Indi- gen- ous	Im- ported	Indi- gen- ous	Im- ported
1	2	3	4	5	6	7	8	9

A. Cloth Bleaching:

1. Shearing machine.
- 2 Cloth Singeing Machine
- 3 Open Kiers
- 4 Pressure Kiers.
- 5 Semi-continuous open width
- 6 Continuous J. Box Bleaching machine
 - (a) Rope type bleaching machine
 - (b) Open width Bleaching machine

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

3. Hank mercerising machine.
4. Hank drying machine
5. Cotton and Yarn dyeing machine
6. Drying machine
7. Hydroextractor.
8. Sewing thread polishing machine.
9. Yarn printing machine
10. Twist setting machine
11. Any other type to be specified.

G. Loose Cotton Drying machine

1. Equipment for manufacture of absorbent cotton
2. Others (type/types specify)

H. Inspection, Folding and Baling.

1. Inspection and fault marking machine
 2. Folding machine :
 - (a) Single folding
 - (b) Double folding
 3. Selvage Stamping machine
 4. Baling Press
 - (a) Cloth
 - (b) Yarn.
-

Part III

HOSIERY MACHINES INSTALLED IN THE MILL

Item	Actual No. installed as on 31st December			Average capa- city per machine per Shift	Changes in the machinery during the year			
	Indi- genous	Impor- ted	Total		Replacement		Additions	
					Indi- genous	Impor- ted	Indi- genous	Impor- ted
1	2	3	4	5	6	7	8	9

Preparatory Machines.

1. (a) Bottle Bobbin Winder
(b) Cone cheese winder
(c) Any other (type to be indicated separately for each)
2. Rubber thread covering machine
3. Socks knitting machine
(a) Plain
(b) Rib
(c) Jacquard
(d) Others specify
4. (a) Sinker kier knitting machine
(b) Non-sinker kier knitting machine.
5. Interlock knitting machine
6. Rib knitting
7. Loop wheel knitting machine
8. Pile knitting machine
9. Pearl knitting machine
10. Double knit machine
11. Fully fashioned knitting machine
12. Flat Bed link knitting machine
13. Muffler making machine;
14. Knee cap machine
15. Eyelet machines
16. Others (specify)

1		2	3	4	5	6	7	8	9
---	--	---	---	---	---	---	---	---	---

Processing Machines

1. Rotary washing
2. Scouring
3. Dyeing
4. Winches
5. Trimming
6. Boarding
7. Pressing
8. Drying machine—Hydroextractor
9. Brushing
10. Printing
11. Calendering
12. Decasting
13. Vacuum Steaming
14. Others (specify)

Auxillary Machinery

1. Ticketing
2. Stamping
3. Chending or Darning
4. Automatic packing
5. Laying up machine
6. Cutting machines
7. Linking Stitching machines
 - (a) Overlock
 - (b) Chain lock
 - (c) Flat lock
 - (d) Others
8. Others to be specified.

Certified that the above particulars have been checked with the records of the mill and that they are, in so far as I can ascertain, accurate and complete.

Date.....
Place.....

Signature of Manager
or
Managing Agent.

STATISTICAL RETURN FORM CST-C

ZONES.....Mill's Serial No.....Spinning _____ Mill
 Composite _____
 Checked by _____
 Entered by _____

(Entries above this line should not be filled in by the person making the return)
 Return for the month of.....

- Instructions:** (1) This form should be completed and sent to the office of the Textile Commissioner, Post Bag No. 10004, Bombay No. 1, so as to reach on or before the 10th of every month giving details relating to the previous month. Manufacturers are advised in their own interest to post the returns under a Certificate of Posting or Registered for acknowledgement due.
 (2) If an when there is nothing to report in the return, the mill should submit the return for the month as 'NIL',
 (3) A copy of this return should be sent to the concerned Regional Office also each month.

Name of the Manufacturer.....Address.....

BLOCK I-YARN PRODUCTION

Month.....

Count	Cotton waste (75% & over)	Indian Cotton		Foreign cotton		Mixture of Indian & Foreign cotton		Cotton Mixed with staple fibre		100% staple fibre	
		Carded	Combed	Carded	Combed	Carded	Combed	Viscose	Non-Viscose	Viscose	Non-Viscose

(Countwise details are to be given below)

- 1
- 2
- 3
- 4
- 5

Average count of yarn

Total spindle point production of cotton yarn in kgs. Warp
 Yarn
 Weft
 Yarn

BLOCK II—UTILIZATION OF COTTON YARN

Name of the Manufacturer _____

Month _____

Count		Yarn Packed		Yarn purchased	Yarn utilised within the mill for the production of						
Single	Double	in hanks	in other forms		Cloth	Hoisery	Sewing thread yarn	Tyre cord	Rope	Tape	Other articles

Grand total
of which
(a) Single
(b) Folded

1. Quantity of 100% staple fibre yarn picked for sale _____ Kg.

BLOCK III DELIVERIES OF COTTON YARN

Name of the manufacturer _____

Month _____

<i>Count</i>			Yarn delivered for civil consumption in the form of							Yarn delivered for export		
Single	Folded	Hank	Hosiery Yarn	<u>Cone</u> Other than Hosiery Yarn	Foam	Pirn	Any other (type to be specified)	Total (Cols. 2 to 7)	For Government and other purposes	to other mills	Hank	Non-Hank
(1)	(2)	(3)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Grand total
of which
(a) Singles
(b) Folded

Quantity of staples fibre yarn delivered

(1) Hank Form _____ Kg.
 (2) Non-Hank
 Form _____ Kg.
 Total _____ Kg.

BLOCK IV STOCKS OF YARN

Name of the Manufacturer _____

Month _____

Single/folded	Unsold stocks					Sold (out unlifted stocks)			
	*Packed for civil consumption	Packed for ex-ports	Packed for Go-vernment & Other Purposes	Loose form	Total (col. 2 to 5)	*Packed for civil consumption	Packed for ex-ports	Packed for Govt. and other purposes	Total (col. 7 to 9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Grand total of which

(a) Singles . . .

(b) Folded . . .

*In the figures of yarn packed for civil consumption, quantities of yarn on the beams/and/or pirn meant for sale are also to be included.

Stocks of staple fibre (in bales) at the end of month

Unsold _____ Bales

Sold but not lifted _____ Bales

Total _____ Bales

I do hereby declare that I have compared the above particulars in Block I to IV with the records and books of mills and that they are, in so far-as I can ascertain, accurate and complete.

STATISTICAL RETURN FORM—CST—D

SPINNING Mill

Zone..... Mill's Serial No.

COMPOSITE

Checked by.....

(Entries above this line should not be filled in by the person making the return)

Return for the month of.....196 .

INSTRUCTIONS :—(1) This form should be completed and sent to the office of the Textile Commissioner, Post Bag No. 10004, Bombay No. 1, so as to reach on or before the 10th of every month giving details relating to the previous month. Manufacturers are advised in their own interest to post the returns under a Certificate of Posting or Registered for Acknowledgement Due.

(2) If and when there is nothing to report in the return, the Mill should submit the return for the month as 'NIL'

(3) A copy of this return should be sent to the concerned Regional Office also each month.

Name of the Manufacturer..... Address :..... Tex. Mark No.....

BLOCK I. PRODUCTION OF CLOTH AT LOOMSTATE (i.e. as obtained from the looms)

Type of Loom	COARSE		MEDIUM(B)		MEDIUM (A)		FINE		SUPERFINE		TOTAL	
	Kgs.	Metres	Kgs.	Metres	Kgs.	Metres	Kgs.	Metres	Kgs.	Metres	Kgs.	Metres
1	2	3	4	5	6	7	8	9	10	11	12	13

(i) Plain looms

(ii) Automatic Looms

(iii) Waste Blanket Looms

Total

Average No. of picks per inch for total cloth production.....

BLOCK II. PROCESSING OF CLOTH BY THE MILL

Type of Process	Mills own cloth		Other mills cloth		Power Loom cloth		Handloom cloth		Total	
	Kgs.	Metres	Kgs.	Metres	Kgs.	Metres	Kgs.	Metres	Kgs.	Metres
1	2	3	4	5	6	7	8	9	10	11
(i) Bleaching . . .										
(ii) Piece-dyeing .										
(iii) Printing . . .										
(iv) Mercerising .										
(v) Sanforizing and other pre-shrunk processing .										
(vi) Other chemical processing (specify) . . .										

BLOCK III—CLOTH PACKINGS, DELIVERIES AND STOCKS

	COARSE	MEDIUM (B)	MEDIUM (A)	FINE	SUPERFINE	FENTS	TOTAL	FENTS
	Metres	Metres	Metres	Metres	Metres	Metres	Metres	Kgs.
Total cloth packed								
(a) Grey								
(b) Other than grey								
Total								
2. Deliveries made for								
(i) Civil consumption								
(ii) Export								
(iii) Government and other purposes								
Total deliveries								
3. Stocks of cloth in packed condition (on mills account only) for								
(i) Civil consumption								
(ii) Export								
(iii) Government and other purposes								
Total unsold stock								
4. Stocks of cloth in packed condition (on merchants account only) for								
(i) Civil consumption								
(ii) Export								
(iii) Government and other purposes								
Total sold stocks								

BLOCK IV--VARIETIES OF CLOTH PACKED IN THE MONTH FOR ALL PURPOSES AND STOCKS OF CLOTH AT THE END OF THE MONTH

Name of Manufacturer Month(in Metres)

VARIETY	MEDIUM		FINE		SUPERFINE		FENTS		TOTAL	PACKING FOR GOVT. & OTHER PURPOSES	STOCKS OF CLOTH FOR CIVIL EXPORT ETC.	TOTAL						
	COARSE	(B)	(A)															
	Civil Export	Civil Export	Civil Export	Civil Export	Civil Export	Civil Export	Civil Export	Civil Export			Sold but delivery not taken	Unsold						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)

Wearable Piecegoods:

1. Dhoti (including chola)

- (i) Grey
- (ii) Bleached
- (iii) Bleached & Mercerised

- (i) Grey
- (ii) Bleached
- (iii) Bleached & Mercerised

(b) Printed Voiles (stamped as saris)

- (i) Printed
- (ii) Printed & mercerised

BLOCK III—CLOTH PACKINGS, DELIVERIES AND STOCKS

	COARSE	MEDIUM (B)	MEDIUM (A)	FINE	SUPERFINE	FENTS	TOTAL	FENTS
	Metres	Metres	Metres	Metres	Metres	Metres	Metres	Kgs.
Total cloth packed								
(a) Grey								
(b) Other than grey								
Total								
2. Deliveries made for								
(i) Civil consumption								
(ii) Export								
(iii) Government and other purposes								
Total deliveries								
3. Stocks of cloth in packed condition (on mills account only) for								
(i) Civil consumption								
(ii) Export								
(iii) Government and other purposes.								
Total unsold stock								
4. Stocks of cloth in packed condition (on merchants account only) for								
(i) Civil consumption								
(ii) Export								
(iii) Government and other purposes.								
Total sold stocks								

- (v) Dyed Mercerised . . .
 - (vi) Printed . . .
 - (vii) Printed Mercerised . . .
 - (viii) Shrink proofed, *i.e.* sanforised etc. . .
 - (ix) Other Process (to be specified) . . .
-

5. Long cloth (controlled items) . . .
- (i) Grey . . .
 - (ii) Bleached . . .
 - (iii) Bleached Mercerised . . .
 - (iv) Dyed . . .
 - (v) Dyed Mercerised . . .
-

6. Sheetings, Leopard cloth marking & broad cloth . . .
- (i) Grey . . .
 - (ii) Bleached . . .
 - (iii) Bleached Mercerised . . .
 - (iv) Dyed . . .
 - (v) Dyed Mercerised . . .
 - (vi) Printed . . .
 - (vii) Printed Mercerised . . .
 - (viii) Other process (to be specified) . . .
-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
7. (a) Shirting (controlled items)																		
(i) Grey																		
(ii) Bleached																		
(iii) Bleached Mercerised																		
(iv) Dyed																		
(v) Dyed Mercerised																		
(vi) Printed																		
(vii) Printed Mercerised																		
(viii) Shrink proofed, i.e. sanforised etc.																		
(ix) Other process (to be specified)																		
7. (b) Sues Woven in dobby or fancy weave (other than controlled items)																		
(i) Grey																		
(ii) Bleached																		
(iii) Bleached Mercerised																		
(iv) Dyed																		
(v) Dyed Mercerised																		
(vi) Printed																		
(vii) Printed Mercerised																		
(viii) Shrink proofed i.e. sanforised etc.																		
(ix) Other process (to be specified)																		

8. Madapalams Cambrics & Lawn
- (i) Grey
 - (ii) Bleached
 - (iii) Bleached Mercerised
 - (iv) Dyed
 - (v) Dyed Mercerised
 - (vi) Printed
 - (vii) Printed Mercerised
 - (viii) Other process (to be specified)
-

9. Drills, Jeans (controlled items)
- (i) Grey
 - (ii) Bleached
 - (iii) Bleached & Mercerised
 - (iv) Dyed
 - (v) Dyed Mercerised
 - (vi) Shrink proofed, i.e. sanforised etc.
-

10. Coatings, Trussores, Corduroy, Gaberdine, Bedford Stain & Denium
- (i) Grey
 - (ii) Bleached
 - (iii) Bleached Mercerised
 - (iv) Dyed
-

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19)

- (v) Dyed Mercerised .
 - (vi) Printed .
 - (vii) Printed Mercerised .
 - (viii) Shrink Proofed, i.e.
Sanforised etc. .
 - (ix) Other process (to be
specified)
-

11. Mazri Cloth

12. Flannellets .

- (i) Grey . .
 - (ii) Bleached . .
 - (iii) Dyed . .
 - (iv) Printed . .
-

13. Dosuti/Ded suit .

- (i) Grey . .
- (ii) Bleached . .
- (iii) Dyed . .
- (iv) Others . .

14. Other wearable varieties

- (i) Grey . . .
 - (i) Bleached . . .
 - (iii) Bleached Mercerised . . .
 - (iv) Dyed . . .
 - (iv) Dyed Mercerised . . .
 - (v) Printed . . .
 - (vii) Printed . . .
-

Non-Wearable goods

15 (a) Mosquito Nettings,

- Round Mesh . . .
 - (i) Bleached . . .
 - (ii) Dyed . . .
 - (b) Square Mesh . . .
 - (i) Bleached . . .
 - (ii) Dyed . . .
-

16. Canvas, Duck & Filter
Cloth . . .

17. Lining Interlining cloth
including bukram cloth

18. Lint Cloth/Polishing
Cloth . . .

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

(11)

(12)

(13)

(14)

(15)

(16)

(17)

(18)

(19)

19. Umbrella Cloth

20. Tapestry, furnishing fabrics including jacquard curtain cloth

21. Bed ticking cloth/Gadlapet and domestic (including raised flannellets)

21. (a) Sheetings of width above 54"

22. Chaddars, Bed sheets, Bed covers, charsa counterpanes and table cloth

23. Towelling Cloth

24. Other non-wearable varieties

25. Total items (15 to 24) .

26. Grand total (15 + 25) .

27. *Miscellaneous cotton goods*

Particulars	Kgs.	Prices/dozens
(a) Cotton Waste Blankets		
(b) Carpets & Duries .		
(c) Napkins .		
(d) Dusters .		
(e) Kerchieves .		
(f) Towels .		
(g) Others .		

28. *Cotton Mixed goods*

Mixed with	Kgs.	Metres.
(a) Silk . . .		
(b) Wool . . .		
(c) Staple Fibre (Viscose)		
(d) Rayon Filament .		
(e) Terylene . . .		
(f) Other Synthetic Fibres		
Total . . .		

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19)

29. *Hoisery Goods*

Particulars	Kgs.	Dozens
(a) Vest		
(b) Trunks & Underwears		
(c) Socks & Stockings . .		
(d) Other knitted wears . .		

-
- NOTE :—1. Printed voils offered as Sarees should be reported under item 2B if and when the control scheme is given up printed voils will have to be separated under the appropriate item.
2. Long cloth will be shown as a separate item 5, so long as it is covered by the control scheme. If and when decontrolled it should be shown along with sheeting leopard under item 6.
-

I do hereby declare that I have compared the above particulars with the records and books of my mill and that they are in so far as I can ascertain accurate and complete.

Name and signature of Manager of the Mill.

Date :—

Place :—

ANNEXURE TO CST-D RETURN FOR THE MONTH OF.....

(Statutory Control on Production and Prices of Cotton Textiles)

Varieties	Obligation (in 1,000 metres) for the quarter	Packing in 1,000 metres		Stock at the end of the month	
		During the month	Cumulative for the quarter	(in bales of 1,500 metres) Unsold/Sold but unlifted	Total
Dhoty . . .					
Saree . . .					
Longcloth . . .					
Shirting . . .					
Drill . . .					
Total of controlled varieties . . .					
Total of all varieties (including non-control- led) . . .					

Sortwise packing of controlled varieties during the month

Varieties	Serial Nos.	Ex-factory price Rs. p. Per	Quantity packed in metres
Dhoties . . .			
Sarees . . .			
Longcloth . . .			
Shirting . . .			
Drill . . .			
TOTAL . . .			

IMPORTANT INSTRUCTIONS

1. This form should be completed in accordance with the instructions given below and sent to the Office of the Textile Commissioner, Economics & Statistics Branch, P.B. No. 10004, Bombay-1, so as to reach the 10th of every month giving the position for the previous month. Mills are advised in their own interest to post the return under a certificate of posting or registered with acknowledgement due. Failure to submit the return by the due date will be seriously viewed.

2. Cotton—(a) all figures should be in terms of metric bales of 180 kgs. each whether ginned and pressed, and whether Indian Cotton or Foreign Cotton.

(b) The description of Indian Cotton should correspond to the definitions in the Textile Commissioner's Notification No. S.O. 1204, dated 20-4-1963.

3. In the computation of spindle shifts, reckoning should be given to the actual hours of working of the shifts—a shift is of duration of 8 hours.

4. Figures of Foreign Cotton of category "B" i.e. of staple 1" and below should be CLEARLY indicated in ALL columns.

5. [Col. (2) plus Col. (3)]—[Col. (5)] = Col. (6) plus Col. (7) plus Col. (8) = Col. (9) = Col. (14).

6. A copy of the return should be sent simultaneously every month to the Cotton Branch of this office in a separate cover superscribed "Cotton Return—CST-H" and also to the Regional Office concerned. Mill's Name and address.....

Description	Stocks held by the mills at the close of the preceding month	Quantities acquired by the mills during the current month	Consumption during the month	Sales during the month	Stocks on the last day of the month				Availability		Disappearance		Balance	Remarks
					within the town where the mill is situated	outside the town where the mill is situated	stocks of cotton purchased but deliv- ery not affected.	Total (cols. 6 to 8)	stocks on 31st August 1963	Total stocks since 1st Sep- tember 1963	Total consumption since 1st Sep- tember 1963	Total sales since 1st Sep- tember 1963			Cols. (10) + (11)	Cols. (12) + (13)
									wherever stored whether within or outside the town where the mill is situated.	whether the town where the mill is situated				of purchase of cotton shown in column No. 3

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15)

PART 1—INDIAN
COT ON

1. Moglai Jarilla .
(25/32")
2. Vidarbha M.P. 197/3 .
(27/32")
3. Khandesh Virnar .
197/3 (28/32")
4. Digvijay— .
A(28/32")
5. Digvijay—B . .
(26/32")
6. Surti (29/32") . .
7. Punjab American .
320—F(27/32")
8. Punjab American .
H—14 (28/32")
9. Westerns (26/32") .
10. Karunganni .
(28/32")
11. Dholleralt (24/32")
12. Pratap (24/32") .
13. Bengal Deshi .

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
14. Oomras (20/32") .															
15. Mathlia and Mungari															
16. Buri-American (29/32") .															
17. L. 147(31/32") .															
18. Caorani 6 and 12 (28/32") .															
19. AK 235 & 277— (28/32") .															
20. Kalayn (25/32") .															
21. Jayadhar (28/32") .															
22. Laxmi (29/32") .															
23. Cambodia—A (1—1/32") .															
24. Cambodia-B (1") .															
25. Cambodia-C (30/32")															
26. Other Indian Cotton															
Total															

**PART II—FOREIGN
COTTON**

**1. Cotton of staple length
13/16" and above.**

(a) Egyptians (Permissible varieties)

(i) Guiza-all varieties

(ii) Nenoufi . . .

(iii) Karnak . . .

(iv) U.S.A. stock pile,
Egyptian Cotton

(v) Other Egyptians . . .

Total-Egyptians . . .

(b) Sudanese (Permissible varieties) . . .

(c) Peruvians . . .

(d) Others . . .

TOTAL-(a) to (d) . . .

**2. Cotton of staple length
1-1/16" and above but
below 1-3/16"**

(i) Sudanese (Permissible varieties) . . .

(ii) East Africans . . .

(iii) Syrians . . .

(iv) U.S.A. . . .

(v) Others . . .

TOTAL—(I to V) . . .

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
3. Cotton of staple length 1" and below.															
(i) U.S.A.															
(ii) Pakistan															
(iii) East Africans															
(iv) Others															
TOTAL(I to IV)															
Total—Foreign Cotton (1+2+3)															
Grand total of all cotton															

184

Staple fibre consumed	Consumption of staple fibre (kgs)			Total
	Viscose	Non-Viscose		
(1) For the manufacture of 100% staple fibre yarn				
(2) For the manufacture of mixed yarn				

I do hereby declare that I have compared the above figures with the record of my mills and that they are, in so far as I can ascertain, accurate and complete.

Name and Signature of Manager of the Mill



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग I-खण्ड I

PART I—Section I

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 166]

नई दिल्ली, बुधवार, सितम्बर 14, 1966/भाद्र 23, 1888

No. 166] NEW DELHI, WEDNESDAY, SEPTEMBER 14, 1966/BHADRA 23, 1888

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके ।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF COMMERCE

RESOLUTION

New Delhi, the 14th September 1966

No. 2(9)/66-O&M:—The Government of India in the Ministry of Commerce appointed on May 27, 1965, a Study Team under the Chairmanship of Sri K. K. Shah, Member of Parliament to examine the organisation, structure, methods of work and procedure of the office of the Textile Commissioner, particularly with a view to locating the points at which delays occur, where bottlenecks exist and where administrative failures are possible and to suggest measures for improvements so that opportunities for corruption are eliminated.

2. The Study Team submitted Part I of its Report to the Ministry of Commerce on April, 30 1966.

3. The recommendations of the Study Team and the decisions of the Government thereon are set out in the Annexure.

4. Government wish to place on record their appreciation of the valuable services rendered by the Study Team.

ORDER

Ordered that a copy of the Resolution be communicated to all concerned.

Ordered also that the Resolution be published in the Gazette of India for general information.

ANNEXURE

Decisions of the Government on the recommendations contained in Part I of the Shah Study Team's Report

Recommendation No., as given in Chapter XIV of the Report—Summary of Conclusions and Recommendations	Chapter No. and Para No. in the Report	Recommendation of the Study Team	Decision of the Government
1	2	3	4
<i>Cotton</i>			
8	IV 4·9	Viewed in the context of our expending approximately Rs. 60 crores per annum on the import of cotton, there is need to step up assistance to the farmers on a substantial scale with a view to increasing the productivity of our own cotton. Increased assistance of various kinds should be such as to make a sizeable impact on the production of cotton.	Accepted in principle.
9	IV 4·11	It is not suggested that the wherewithal for the increased input should be found wholly by the Central and State Governments. The farmers should be enabled to finance a considerable part of the increased expenditure through loans and advances to them and to farmers' cooperatives. These may be redeemed at the time of sale of the produce.	Noted. Government have also noted the necessity for a remunerative price policy.
10	IV 4·12	Leading millowners' associations in the country should in their own interest emulate the efforts of the Indian Cotton Mills' Federation and take up selected pockets in their respective regions for intensive cultivation of cotton. In view of their organisational ability, their active participation in the production of the basic raw material would undoubtedly yield results, as has been eloquently proved in the demonstration farms of the Indian Cotton Mills' Federation. The Textile Commissioner should take the initiative in putting the proposition to millowners' associations.	Government commend this recommendation for acceptance by Millowners' Associations. The Textile Commissioner will take the necessary initiative in the matter.
11	IV 4·13	More foreign exchange should be released for automatic spraying equipment which are in extremely short supply. The Director General of Technical Development should also address himself to the problem of increasing the manufacture of indigenous Automatic spraying equipment.	Steps will be taken to release adequate foreign exchange or the manufacture of automatic spraying equipment in India.

1	2	3	4
13	IV 4·16	Considering the uniquely important position which cotton and the cotton textile industry occupy in the nation's economy, there should be a suitable agency or body to look after the work that the Indian Central Cotton Committee was supposed to do. It is imperative that the winding up of the Committee should not leave a vacuum. The agency or body to replace the committee should be charged with the responsibility of reviewing policies and achievements in the realm of cotton development and generally of assisting in the putting through of a really significant production programme.	Under consideration.
14	IV 4·17	Just as the Textile Commissioner and the Ministry of Commerce have a system of consulting the Agriculture Ministry on price policy, there should be a system of reverse consultation with the Textile Commissioner by the Ministry of Food and Agriculture in regard to cotton development programmes.	Accepted. The Textile Commissioner is an ex-officio Member of the Development Council for Cotton appointed by the Department of Agriculture, <i>Vide</i> Government Resolution No. 6-3/65-Reorgn. (CC)/ (Admn), dated 19th May, 1966.
17	IV 4·27	Realistic support price should be fixed for all varieties of cotton and they should be announced well in advance of the cotton season in order that growers may have an assurance of their not having to sell their cotton at distress prices.	These suggestions will be taken into account before formulating the cotton price policy each year.
18	IV 4·28	The following measures be considered by Government in the context of the representation that the participation of agriculturists in the fixation of price policy was not adequate:— (a) increasing the number of representatives of agriculture in the Cotton Advisory Board ; and (b) appointing regional advisory boards in some of the major cotton growing States.	Accepted.
	IV 4·28	The Board should advise the Textile Commissioner on:— (i) Price policy ; (ii) Implementation of the price policy; and (iii) Measures for improving the productivity of cotton.	Accepted.
20	IV 4·31	Considering the limited scrutiny bestowed on applications for renewal of cotton licences and considering also that all requests for renewal of licences are allowed as a matter of course, the system of renewal of both 'A' and 'B' class licences should be done away with.	Accepted.

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21	IV 4·31	The system of issuing 'C' class licences should be dispensed with altogether as hand-ginners who cater to a very limited market should not be subject to the rigours of licensing.	Accepted.
22	IV 4·31	The revised system of issuing permanent licences may be commenced from the cotton season 1966-67, and the system notified to the public sometime in June. Suitable amendments to the Cotton Control Order may be made in this regard.	Accepted. This will be implemented w.e.f. the cotton season 1966-67.
23	IV 4·36	To deal with requests from mills for additional quantities of Indian cotton, a specific form of application is necessary, with a view to avoiding back references. An application form has been drawn up for adoption and may be seen at Annexure 5 of the Report.	Accepted. The application form suggested by the Study Team will be adopted.
24 to 26	IV 4·41, 4·47 & 4·48	In order to avoid frequent issue of quota letters for import of global cotton, the following revised procedure is recommended :— (i) after a basic year for the allocation of foreign cotton has been determined, the quantity of cotton used by each mill during that year should be intimated by the Textile Commissioner to the Indian Cotton Mills' Federation in the form of an authorisation card (See Annexure 6 of the Report); and (ii) as and when cotton becomes available for release, the Federation should be advised of the percentage of cotton vis-a-vis consumption in the basic year that should be released to individual mills. The Indian Cotton Mills' Federation should issue a letter, along with the premium receipt, indicating the actual quantity of cotton that may be released to the mill, with a copy direct to the Joint Chief Controller of Imports and Exports, Bombay. The certificates to be issued by the Indian Cotton Mills' Federation should be serially numbered and a weekly statement of such certificates issued to the mills should be sent to the Joint Chief Controller of Imports and Exports and the Textile Commissioner.	Under consideration.
27 & 29 to 31	IV 4·48, 4·49, 4·51 & 4·52	In order to provide a basic record showing the total allocations made to a mill under different categories of allocation, the Federation may be asked to make suitable entries in the allocation card of all the allocation made to the mill, i.e. (a) retention quotas ;	In view of the abolition of the Export Promotion Schemes, these recommendations have become inoperative.

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- (b) Special quotas for executing Defence orders; and
- (c) quotas given for supply of yarn to handlooms.

The work relating to allocation of cotton against retention quota presently done by the Entitlement Branch of the Textile Commissioner's Office may be transferred to the Indian Cotton Mills' Federation.

As a measure of safeguard, a statement of such allocations made may be sent to the Textile Commissioner's Office.

The existing procedure under which mills have to obtain permission of the Textile Commissioner to transfer retention quotas to other mills is redundant and should be discontinued.

The resale of retention quotas to third parties should be prohibited by public notice so that there is no question of individual parties applying for permission to resell.

1210 35

IV

4·56, 4·58
& 4·59

In order to avoid the present accounting complications attendant on import of cotton under the P. L. 480 programme, the entire authorisation granted under P. L. 480 should be imported by a Central Agency like the Indian Cotton Mills' Federation.

Under consideration.

The advantages resulting from such a move would be—

- (a) Import of the entire quantity by the Federation in one instalment, thereby utilising the full value of the Purchase Authorisation;
- (b) avoidance of unnecessary speculation in the market in view of early/late arrivals;
- (c) avoidance of the maintenance of individual accounts by the Textile Commissioner who is none too sure as to when imports would take place and when payments would be made into the U.S. Disbursement Account; and
- (d) avoidance, as a corollary, of the clerical work connected with the custody of a large number of bank guarantees and their subsequent discharges.

If, during any particular year, mills do not utilise the full value of the purchase authorisation, Central purchase should make it possible to build up buffer stock for meeting possible shortages of Indian Cotton. It is not necessary to be unduly concerned about precluding mills from exercising their choice about quality.

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In the circumstances, the possibility of bulk imports of P.L. 48 cotton through a central agency, the Indian Cotton Mills' Federation or a specially created buffer stock association, should be seriously examined.

If, however for any reason, Government do not find it possible to implement the above suggestion, it is suggested that the Indian Cotton Mills' Federation should be entrusted with the accounting of individual transactions of mills.

In other words, the Federation should take over the functions presently performed by the Textile Commissioner as the authorised applicant.

*Installation of additional capacity
in the organised sector.*

38	V <hr/> 5·24	Industrial licencing should be dispensed with for installation of spinning capacity upto 25,000 spindles or composite capacity upto 25,000 spindles and 500 looms.	Under consideration.
39	V <hr/> 5·24	Licensing should also be dispensed with where mills wish to undertake expansion of spindleage or loomage of their existing units within their existing premises.	Under consideration.
40	V <hr/> 5·24	There should be no need to extend the validity of existing unimplemented licences for spindles.	Under consideration.
41	V <hr/> 5·24	There need not be any commitment on the part of the Government to allow the import of machinery as a matter of course.	Under consideration.
42	V <hr/> 5·24	The question of issuing installation permits in the above cases should not arise hereafter.	Accepted.
43	V <hr/> 5·24	Statutory returns may be prescribed under which textile mills should be required to send periodical returns to the Textile Commissioner, more in the nature of "information" for statistical purposes.	Accepted.
44	V <hr/> 5·24	The Textile Commissioner should keep himself informed about the deployment of textile machinery produced by indigenous machinery manufacturers, and for this he should obtain sale details from the latter in a convenient form.	Accepted.

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Installation of Powerlooms

46 to 50	<p>VI 6·12 & 6·13</p>	<p>While some measure of regulation over the growth of powerlooms would be useful with a view to protecting the handlooms, having regard to past experience, there is no point in expecting such controls to be exercised by a Central Governmental agency like the Textile Commissioner.</p> <p>Any measure of regulation that may be considered necessary to ensure the orderly growth of powerlooms and the manner of implementation thereof should be left to the discretion of the State Governments.</p> <p>The question of issue of texmark by the Textile Commissioner should not arise hereafter.</p> <p>After the additional looms for the Fourth Plan are allocated to the various States, the State Governments should take necessary measures for the attainment of the targets allotted to each State.</p> <p>With the delegation of authority to the State Governments, the guiding hand of the Textile Commissioner in the development of powerlooms in the small scales sector should not be removed. The Textile Commissioner should set general guidelines in respect of all aspects of the development of powerlooms. The State Governments should ensure that whatever information is required by the Textile Commissioner is made available to him. The Textile Commissioner should also be empowered to call for progress reports from the State Governments in regard to their development programmes of powerlooms.</p>	<p>Government have already taken decisions in regard to the matters covered by these recommendations after considering the Report of the Powerloom Enquiry Committee.</p>
51	<p>VI 6·14</p>	<p>Unless the present pattern of excise levy is radically changed, no amount of controls and regulations will restrict the haphazard growth of powerlooms. Only by a judicious combination of fiscal instruments and development policies will it be possible to make clandestine growth of powerlooms a thing of the past.</p> <p><i>Controls and regulations designed to Protect the decentralised Sector.</i></p>	<p>Under consideration.</p>
53	<p>VII 7·7</p>	<p>Assistance to handlooms and other weaker sections should be viewed as a long-term expenditure policy and should not perpetually be dovetailed to regulatory schemes.</p>	<p>Noted.</p>

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52 & 54	<p style="text-align: center;">VII</p> <hr/> <p style="text-align: center;">7·6 & 7·11</p>	<p>The de-limitation of the fields of production to help the handloom industry introduced under the Textile Commissioner's Notification No. 9(9)-Tax I/49, dated the 15th April 1950, has stood the test of time and has helped the growth of the handloom industry. In order to make the control more easily enforceable and to prevent encroachment by powerlooms on areas reserved for handlooms, it is necessary that the existing reservations should be made exclusive in favour of the handloom industry and that the exemption from this order granted to small powerloom units having less than five looms should be withdrawn.</p>	<p>Government have already taken decisions in regard to the matters caused by these recommendations after considering the Report of the Powerloom Enquiry Committee.</p>
57	<p style="text-align: center;">VII</p> <hr/> <p style="text-align: center;">7·13</p>	<p>The existing system of allocation of dhoty quota which was introduced with a view to protecting the handloom industry has outlived its utility as the production of dhoties by the mills is far below the dhoty quota. The system of allocation of dhoty quota should, therefore, be discontinued.</p> <p>Having regard to the increased supply of yarn during the last few years, the following restrictions/obligations imposed under the Cotton Textiles (Control) Order on mills should be given up :—</p> <p>(i) Clause 12(1)—placing restrictions on mills to sell in each quarter not less than 1/8 of the total quantity of yarn sold by it during the years 1949 and 1950 taken together.</p> <p>(ii) Clause 12(A)(1)—prohibiting mills from purchasing yarn except with the permission in writing of the Textile Commissioner.</p> <p>(iii) Clause 20C(B)—prohibiting composite mills from spinning yarn from cotton or cotton waste not owned by them.</p> <p>(iv) Clause 12(6B)—requiring mills to take the permission of the Textile Commissioner to effect any alteration or conversion of the read space of looms.</p>	Acce
61	<p style="text-align: center;">VII</p> <hr/> <p style="text-align: center;">7·23</p>	<p>The existing restrictions on the printing of cloth by mills may be removed and substituted by de-limitation of fields of printing for hand-printers. As recommended, by the All India Handicrafts Board, printing of sarees with headings (border or pallav) or any bed spreads, bed covers and table covers with headings and borders should be reserved for the hand-printers.</p>	<p>This recommendation is accepted in its entirety. It has been further decided that processors should also be prohibited from printing on machines worked by power the reserved items proposed by the All India Handicrafts Board.</p>

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62	VII 7·24	A representative of the All India Handicrafts Board should be included in the Cotton Textiles Advisory Committee for ensuring the working of the restrictions and for its periodical review.	Accepted.
63	VII 7·25	The existing restrictions imposed on composite mills under Clause 20C(a) of the Cotton Textiles (Control) Order, 1948, on processing of cloth or yarn not produced by them should be withdrawn.	The Powerloom Enquiry Committee had recommended that the processing capacity in the Textile mills should, in future, be allowed to be expanded purely on the basis of the mill sector's own requirements and further, that in a period of three years, on a phased programme, the present permission to mills to process outside cloth should be discontinued. On this recommendation Government have decided that it was not practicable at present to restrict the permission already given to mills to process outside cloth, as this would create problems of idle capacity and unemployment, and that until such time as adequate processing capacity is established outside the mill sector, permission should not be refused even to new mills to undertake processing work on commission basis. Government also accept the recommendation of the Study Team concerning yarn.
<i>Qualitative controls</i>			
64	VIII 8·5 & 8·6	The specifications relating to constructional particulars of cloth laid down in Schedule II annexed to the Textile Commissioner's Notification No. TCS·1/20 dated 22nd September, 1949 are unnecessary as they by themselves do not ensure minimum durability of cloth, but only add to the administrative work in the Textile Commissioner's Office. The Schedule may accordingly be withdrawn in so far as non-controlled categories of cloth are concerned.	Accepted.
68	VIII 8·8	The constructional particulars of dhooties and sarees introduced under Schedule II-A as part of the control mechanism has outlived its utility	Accepted.

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as deviations from the schedule in as many as 286 cases were allowed. There is, therefore, little justification for the retention of this schedule.

Statutory controls on production and prices

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|----|---|--|-----------|
| 69 | IX
<hr style="width: 100px; margin: 0;"/> 9·10 | Controls on production and prices on mill-made cloth should not be perpetuated for ever, but should be subjected to review periodically, having regard to the availability of cotton and the supply position of cloth with a view to determining of feasibility of its withdrawal. | Accepted. |
| 70 | IX
<hr style="width: 100px; margin: 0;"/> 9·10 | In view of the present low level of cloth stocks, representing only about a month's production, and the inadequate production of the cotton to meet the increasing consumption by mills, controls over production and prices of cloth should continue for the time being. | Accepted. |

Markings on cloth and yarn

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|----|--|--|-----------|
| 71 | X
<hr style="width: 100px; margin: 0;"/> 10·5 | Since under the provisions of the Trade and Merchandise Marks Act, stampings relating to the name of the manufacturer, length, width and the type of cloth by which it is commonly known, are to be compulsorily stamped on cloth pieces, there is no need for more or less identical marking being prescribed by the Textile Commissioner. The stamping of 'texmark' on all categories of cloth pieces may be dispensed with. | Accepted. |
| 72 | X
<hr style="width: 100px; margin: 0;"/> 10·6 | There is no utility on insisting on merchant's trade number being stamped on cloth pieces. | Accepted. |
| 73 | X
<hr style="width: 100px; margin: 0;"/> 10·6 | There should be no compulsion on mills to stamp the month and year of packing in so far as non-controlled varieties of cloth are concerned. These markings may, however, continue in respect of controlled varieties. | Accepted. |
| 74 | X
<hr style="width: 100px; margin: 0;"/> 10·8 | The manufacturer's name and the description of yarn which are required to be stamped on yarn under the Trade and Merchandise Marks Act are considered adequate and hence the markings prescribed under the Cotton Textiles (Control) Order may be removed. | Accepted. |
| 75 | X
<hr style="width: 100px; margin: 0;"/> 10·9 | For cloth and yarn bales, the existing markings may continue except that the manufacturer's name may be substituted for 'texmark' and the stamping of month and year of packing may be discontinued. | Accepted. |

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Textile Machinery

79 to 99

XI

II·7 ,to
 II·12,II·20
 II·22,II·27
 to II·31, &
 II·38 to
 II·40

While the idea of entrusting the responsibility for the development of the plant and machinery to one Directorate is unobjectionable there should not be a doctrinaire approach to this problem and in cases where specialised knowledge, apart from general engineering background, is required for the development of a particular sector of the engineering industry, it should not be insisted that the work should be looked upon as a part of the general engineering industry merely for the sake of ensuring uniformity.

Under consideration.

In all these cases, the approach should be how best the particular line of the industry can be developed and not whether a uniform approach in so far as the engineering industries are concerned is necessary or not.

Where an engineering industry can be isolated from the Director General of Technical Development, having regard to the special requirements of the particular branch of the industry, there should be no hesitation to keep it as a separate entity and seek other means for ensuring coordination with the Director General of Technical Development.

The transfer of work to the D.G.T.D. would result, apart from increase in administrative expenditure, in delays and duplication of work.

The work relating to the development of the textile machinery manufacturing industry should continue to be dealt with by the Textile Commissioner.

There is force in the criticism that the Textile Commissioner's Office does not have sufficient experienced staff to look after the development of the textile machinery manufacture. This deficiency can and should be made good by posting a qualified mechanical engineer who has specialised in textile engineering. If a candidate is available in the organisation of the D.G.T.D., he should be drawn from the cadre of that organisation.

The Director General of Technical Development can play a very useful role in the licensing and development of textile machinery manufacture. He should be associated in the consideration of applications for licensing of textile machinery manufacture

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and also be represented at meetings of the local Capital Goods Committee (Bombay) whenever applications for machine tools are considered.

The remedial measures suggested by the Mathur Study Team on the Directorate General of Technical Development on industrial licensing procedures could be applied to textile machinery cases with advantage.

The modified role visualised by the Mathur Study Team for administrative Ministries, will in the case of applications for textile machinery manufacture, be applicable to the MEI Section.

Consistent with recommendation 85, the DGTD should also be included in the list of those to be consulted so far as textile machinery applications are concerned.

The recommendations of the Mathur Study Team in regard to handling procedures within the technical advice agency and in the Ministry of Industry may be adopted with advantage.

Within the Textile Commissioner's Office, the Textile Machinery Branch should not take more than 21 to 45 days to forward comments to the secretariat of the Licensing Committee.

The recommendations made by the Mathur Study Team to streamline procedures regarding import of capital goods should be followed here too.

The revised form of application suggested by the Mathur Study Team which would ensure that parties give all the relevant necessary information for use of the DGTD and the Chief Controller of Imports and Exports in the very first instance and reduce the need for back references should be prescribed for use by importers of capital goods.

A time table for handling applications for import of capital goods within a range of 23 to 28 days upto the stage a brief is prepared for the Local Capital Goods Committee is recommended.

As suggested by the Study Team on the Import-Export Trade Control Organisation, the Textile Machinery Branch should obtain package clearances from the DGTD in respect of items falling under general engi-

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neering industries. Such a package clearance should be considered valid for a period of one year and should be obtained at the beginning of each financial year.

A package list may still leave a number of situations unprovided for and for these the presence of a representative of the DGTD in the meetings of the Local CG Committee (Recommendation 85) should prove useful. If care is taken to send papers to the representative well in advance, he should be able to give his advice on the indigenous angle in the meeting itself.

In instances not covered by the package list and where the value of import is less than Rs. 5 lakhs, indigenous clearance will continue to have to be obtained from the DGTD through correspondence. The Development Directorate concerned in the DGTD should give the clearance within a period of 20 days.

There is no justification for keeping under central control an industry which legitimately should be the responsibility of the States. The responsibility for the development of sub—Rs. 25 lakhs units engaged in the manufacture of textile machinery should accordingly be transferred to the State Governments.

It is not intended that with the above delegation to the State Governments the Textile Commissioner should be divested of all responsibility in the matter of development of small and medium units. The Textile Commissioner should continue to be responsible for overall plannings and development of the textile machinery industry.

In respect of the non-licensed sector going over to the States, the responsibility of the Textile Commissioner should be as under:—

- (i) Broadly, the Textile Commissioner's role vis-a-vis the non-licensed sector proposed for transfer to the States should be analogous to that of the Development Commissioner, Small Scale Industries vis-a-vis small industries already under the charge of State Governments.
- (ii) The Textile Commissioner should keep himself informed through State Directors of Industries about essential facts relating to the development of the industry.

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For this, he may prescribe suitable returns which bring in information about the number of units, their capacity and production, etc.

- (iii) He should be competent to issue guide lines to the State Directors of Industries on various aspects. In particular, he should bring out a brochure periodically giving particulars of textile machinery items for which creation of capacity may be encouraged. There should be a positive programme of documenting the expertise available in the Textile Commissioner's office to the maximum extent possible, and making it available to prospective entrepreneurs in the non-licensed sector through the State Directors of Industries, Small Industries Service Institutes and other suitable channels.
- (iv) The bulk allocation of foreign exchange to cover the requirements of raw materials and components of the non-licensed sector should come first to the Textile Commissioner who should then make State-wise allocations having regard to all relevant factors. In the States, the allocation should be treated as an earmarked one, not to be merged with the SSI allocation. This is necessary to ensure that the gratifying progress made in the development of this important industry is maintained even in the new arrangement.
- (v) Cases of new units involving foreign collaboration should have to be cleared by State Directors of Industries with the Textile Commissioner.
- (vi) So should cases of imports of capital goods. Capital goods applications of this sector should be processed by the Textile Commissioner and the Local Capital Goods Committee on lines similar to procedures obtaining in the DC, SSI's organisation for Capital Goods requirements of small scale industries generally.

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XI

11-43

The responsibility for approving foreign collaboration terms for the manufacture of textile machinery in the non-licensed sector should rest with the Textile Commissioner and only in cases of doubts, need cases be referred to the Ministry of Industry.

Not accepted.

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101	XI 11·44	There is need for the Textile Commissioner to reduce delays in the processing of foreign collaboration cases. Not more than 15 to 20 days should be taken by the Textile Commissioner in dealing with such cases after powers have been delegated to him.	The need to reduce delays in the processing of foreign collaboration cases is accepted.
102	XI 11·49	While the enabling provisions regarding direction of sale should remain, the system of registration required under the Textile Machinery (Production and Distribution) Control, Order, 1962, should be done away with.	In addition to the enabling provision regarding issue of directives for sale the provision concerning registration under the Textile Machinery (Production and Distribution) Control Order, 1962, should also continue.
<i>Assistance rendered by the Textile Commissioner to The Textile Industry in securing scarce items of supply</i>			
103	XII 12·5	Considering the very limited role of the Textile Commissioner in the allocation of coal and the relatively easy position of coal supplies, it is no longer necessary for the Textile Commissioner to be burdened with this work.	Accepted.
104	XII 12·5	The millowners' associations of Ahmedabad and Indore are playing a very useful role in "pooling" available supplies of coal in their areas. The system of "pooling" may be extended to other areas.	Accepted.
105	XII 12·5	The Indian Cotton Mills' Federation may be asked to bulk the demands of various coal consuming units and also prepare unitwise allocation on the advice of the various millowners' associations. Allotments to the units may be made by the the Federation.	Accepted.
106	XII 12·7	The targets for wagon requirements can be framed by the Railway Board itself after taking into consideration previous movements, the details of which can be obtained from the different railway stations. If necessary, the Railway Board may consult the Indian Cotton Mills' Federation, the starch manufacturers' association, the machinery manufacturers' association and the East India Cotton Association and secure necessary information.	Accepted.
<i>Review of Statistical Forms and Returns</i>			
108	XIII 13·4	The report of the Sub-Committee appointed to review the forms and statistical returns submitted to the Textile Commissioner is reproduced	The recommendations made by the Sub-Committee are accepted.

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		at Annexure 8 of the report. The Committee has recommended elimination of four monthly returns viz. PI, CC, 'D' and the return on cloth earmarked for cooperative stores and fair price shops. The forms, where revised are given as appendices to the Report.	
109.	XIII 13.5	There is need for introducing mechanisation for tabulation of data in the Textile Commissioner's Office.	Accepted.
110.	XIII 13.5	It is necessary to have a standing advisory body to review continually the various statistical returns submitted by the industry.	Accepted.

A. V. VENKATESWARAN, Joint Secy

वाणिज्य मंत्रालय

संकल्प

नई दिल्ली, 14 सितम्बर, 1966

सं० 2(9)/66-ओ० एण्ड एम०-भारत सरकार के वाणिज्य मंत्रालय ने 27 मई, 1965 को संसद् सदस्य श्री के० के० शाह की अध्यक्षता में एक अध्ययन दल स्थापित किया जिसका उद्देश्य वस्त्र आयुक्त के कार्यालय के संगठन, ढांचे, कार्य विधियों और प्रणालियों की जांच करके और विशेषतः यह ज्ञात करके कि विलम्ब कहां होते हैं, कहां रूकावटें आती हैं और कहां प्रशासनिक असफलताओं की सम्भावनाएं हैं, ऐसे उपाय सुझाना था जिससे सुधार हो सकें जिससे भ्रष्टाचार के अवसरों का अन्त किया जा सके।

2. अध्ययन दल ने वाणिज्य मंत्रालय को अपने प्रतिवेदन का पहला भाग 30 अप्रैल, 1966 को दे दिया।

3. अध्ययन दल द्वारा की गयी सिफारिशों तथा उन पर किये गये सरकार के निर्णय अनुबन्ध में दिये गये हैं।

4. सरकार अध्ययन दल द्वारा की गई मूल्यवान सेवा की प्रशंसा करती है।

आदेश

आदेश दिया जाता है कि संकल्प की एक एक प्रति सभी सम्बद्धों को भेज दी जाय।

यह भी आदेश दिया जाता है कि सामान्य सूचना के लिये संकल्प को भारत के राजपत्र में प्रकाशित कर दिया जाय।

अनुबन्ध

प्रतिवेदन के अध्याय 14 में दी गयी सिफारिश का क्रमांक निष्कर्षों और सिफारिशों का सार	प्रतिवेदन का अध्याय तथा पैरा संख्या	अध्ययन दल की सिफारिश	सरकार का निर्णय
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8	4 ————— 4. 9	<p style="text-align: center;">रई</p> <p>रई के आयात पर प्रतिवर्ष लगभग 60 करोड़ रु० हमारे द्वारा खर्च किये जाने के संदर्भ में यदि देखा जाय तो किसानों को पर्याप्त आधार पर सहायता को बढ़ाने की आवश्यकता है जिस से अपनी रई की उत्पादकता को बढ़ाया जा सके। विभिन्न प्रकार की अधिक सहायता इस प्रकार की होनी चाहिए जिस से रई के उत्पादन पर काफी प्रभाव पड़ सके।</p>	सिद्धान्ततः स्वीकार कर ली गई।
9.	4 ————— 4. 11	यह सुझाव नहीं दिया जाता है कि अधिक निवेश के साधन केन्द्रीय तथा राज्य सरकारों द्वारा ही पूर्णतः उपलब्ध किये जाय। किसानों को अधिक खर्च का अधिकांश भाग उनको तथा किसानों की सहकारी समितियों को दिये गये ऋणों और अग्रिम राशि से पूरा करने के योग्य बनाया जाय। उपज की बिक्री के समय इन को वापस किया जा सकता है।	नोट कर ली गई। सरकार ने लाभकर कीमत नीति की आवश्यकता को भी नोट कर लिया है।
10.	4 ————— 4. 12	देश के प्रमुख मिल मालिक संघों को अपने हित में भारतीय रई मिल संघ के प्रयत्नों का अनुकरण करना चाहिए और रई की गहन खेती के लिए अपने	सरकार मिल मालिक संघों से इस सिफारिश को स्वीकार करने का अनुरोध करती

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		क्षेत्रों में चुनी हुई भूमि लेनी चाहिये। मिल मालिक संघों को यह प्रस्ताव देने में वस्त्र आयुक्त को पहल करनी चाहिये।	है। वस्त्र आयुक्त द्वारा इस मामले में अवश्यक पहल की जायगी।
11	4 <hr/> 4. 13	छिड़काव के स्वचालित उपकरणों के लिये, जिनकी अत्यधिक कमी है, और अधिक विदेशी मुद्रा दी जानी चाहिए। छिड़काव के देशी स्वचालित उपकरणों के उत्पादन को बढ़ाने की समस्या की ओर भी तकनीकी विकास के महानिदेशक को ध्यान देना चाहिए।	भारत में छिड़काव के स्वचालित उपकरणों का निर्माण करने के लिए पर्याप्त विदेशी मुद्रा देने के बारे में कदम उठाये जायेंगे।
13.	4 <hr/> 4. 16	राष्ट्रीय अर्थव्यवस्था में रूई तथा सूती वस्त्र उद्योग के असाधारणतः महत्वपूर्ण स्थान को ध्यान में रखते हुए एक उचित अभिकरण या निकाय होना चाहिये जो उस काम की देख भाल करे जिसको कि भारतीय केन्द्रीय रूई समिति को करना चाहिए था। यह आवश्यक है कि समिति की विघटन करने से कोई रिक्ति न हो। इस समिति के स्थान पर जो अभिकरण या निकाय गठित किया जाय उसको रूई विकास के क्षेत्र संबंधी नीतियों और सफलताओं की समीक्षा और सामान्यतः वास्तविक महत्व के उत्पादन कार्यक्रम को आगे बढ़ाने में सहायता करने का कार्य भार सौंपा जाय।	विचाराधीन है।
14.	4 <hr/> 4. 17	जिस प्रकार वस्त्र आयुक्त और वाणिज्य मंत्रालय की कीमत संबंधी नीति पर कृषि मंत्रालय से सलाह लेने की अपनी एक प्रणाली है उसी प्रकार से रूई विकास के कार्य क्रमों के बारे में वस्त्र आयुक्त की सलाह लेने के लिये खाद्य एवं	स्वीकार कर ली गई। वस्त्र आयुक्त रूई विकास परिषद् का पदेन सदस्य है जो कि सरकारी संकल्प संख्या 6-3/65 रि आर्ग(सी सी)

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		कृषि मन्त्रालय की अपनी प्रणाली होनी चाहिए ।	एडिमिनि० दिनांक 19 मई, 1966 के जरिये कृषि विभाग द्वारा नियुक्त किया गया है ।
17.	4 <hr/> 4.27	रई की सभी किस्मों के लिये व्यावहारिक आधार-कीमतें निर्धारित की जानी चाहिएं और उनकी घोषणा रई के मौसम से काफी पहले ही की जानी चाहिये जिस से उत्पादकों को यह विश्वास हो जाय कि उन्हें नीची कीमतों पर अपनी रई बेचनी नहीं पड़ेगी ।	प्रति वर्ष रई की कीमत संबंधी नीति को बनाने से पूर्व इन सुझावों को ध्यान में रखा जायगा ।
18.	4 <hr/> 4.28	इस अभ्यावेदन के संदर्भ में कि कीमत संबंधी नीति के निर्धारण में किसानों की भागीदारी पर्याप्त नहीं है, सरकार द्वारा निम्न उपायों पर विचार किया जाय :— (क) रई सलाहकार बोर्ड में कृषि के प्रतिनिधियों की संख्या में वृद्धि करना ; (ख) कुछ प्रमुख रई उत्पादक राज्यों में क्षेत्रीय सलाहकार बोर्डों की स्थापना करना ।	स्वीकार कर ली गयी ।
19.	4 <hr/> 4.28	बोर्ड को वस्त्र आयुक्त को निम्न विषयों के बारे में सलाह देनी चाहिये :— (1) कीमत संबंधी नीति ; (2) कीमत संबंधी नीति का क्रियान्वयन ; तथा (3) रई की उत्पादकता में सुधार करने के उपाय ।	स्वीकार कर ली गयी ।

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20.	4 <hr/> 4. 31	इस बात को ध्यान में रखते हुये कि रूई के लाइसेंसों का नवीकरण करने की अर्जियों की सीमित जांच की जाती है और लाइसेंसों के नवीकरण की सभी प्रार्थनाओं के लिये सामान्यतः अनुमति दी जाती है, अतः 'ए' तथा 'बी' श्रेणी के लाइसेंसों के नवीकरण करने की प्रणाली समाप्त कर देनी चाहिए।	स्वीकार कर ली गयी।
21.	4 <hr/> 4. 31	'सी' श्रेणी के लाइसेंस जारी करने की प्रणाली को पूर्णतः समाप्त कर देना चाहिए क्योंकि हाथ से रूई ओटने वालों पर जोकि बहुत ही सीमित बाजार की आवश्यकताओं की पूर्ति करते हैं, लाइसेंस प्रणाली को कठोरता लागू नहीं की जानी चाहिए।	स्वीकार कर ली गयी।
22.	4 <hr/> 4. 31	स्थायी लाइसेन्स जारी करने की पुनरीक्षित प्रणाली रूई-मौसम 1966-67 से शुरू की जाय और इस प्रणाली के बारे में जून में किसी समय जनता की सूचनार्थ अधिसूचना जारी की जाय। इस सम्बन्ध में रूई नियंत्रण आदेश में उपयुक्त संशोधन किये जाय।	स्वीकार कर ली गयी। यह, रूई फसल 1966-67 से क्रियान्वित की जायगी।
23.	4 <hr/> 4. 31	भारतीय रूई की अतिरिक्त मात्रा के लिये मिलों के प्रार्थना-पत्रों पर विचार करने को, एक निर्दिष्ट प्रार्थना-पत्र के फार्म की आवश्यकता है ताकि वाद की लिखा पड़ी को दूर किया जा सके। एक आवेदन-पत्र फार्म तैयार किया गया है जिसे अनुबन्ध 5 में देखा जा सकता है।	स्वीकार कर ली गयी। अध्ययन दल द्वारा सुझाया गया आवेदन-पत्र फार्म अपना लिया जायगा।
24 से 26.	4 <hr/> 4. 41, 4. 47 तथा 4. 48	विश्व के विभिन्न भागों से आने वाली रूई के आयात सम्बन्धी कोटा पत्रों के बार-बार जारी करने को रोकने के लिए निम्न संशोधित क्रियाविधि की सिफारिश की जाती है :— (1) विदेशी रूई के आवंटन के लिए	विचाराधीन है।

एक आधार वर्ष निश्चित करने के बाद उस वर्ष में प्रत्येक मिल द्वारा उपयोग में लायी जाने वाली रुई की मात्रा के सम्बन्ध में वस्त्र आयुक्त द्वारा भारतीय सूती मिल संघ को एक प्राधिकार कार्ड के रूप में सूचना दी जानी चाहिए ।
(प्रतिवेदन अनुबन्ध 6 देखें) ।

(2) जैसे ही निकासी के लिए रुई उपलब्ध हो जाय तो संघ को आधार वर्ष में रुई के उपभोग की तुलना में उस प्रतिशत के सम्बन्ध में सलाह दी जाय जितना कि प्रत्येक मिल को दिया जाना चाहिए ।

प्रीमियम प्राप्ति के साथ-साथ भारतीय कपड़ा मिल संघ को एक पत्र जारी करना चाहिए जिसमें मिल को दी जाने वाली रुई की वास्तविक मात्रा दी जानी चाहिए और इसकी एक प्रतिलिपि सीधे आयात एवं निर्यात के संयुक्त मुख्य नियंत्रक, बम्बई के पास भजी जानी चाहिए ।

भारतीय कपड़ा मिल संघ द्वारा जारी किये जाने वाले प्रमाणपत्रों पर क्रमांक दिया जाना चाहिए और मिलों को जारी किये गए ऐसे प्रमाणपत्रों का साप्ताहिक ब्यौरा आयात एवं निर्यात के संयुक्त मुख्य नियंत्रक एवं वस्त्र-आयुक्त के पास भेजा जाना चाहिए ।

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तथा 4. 51

से 4. 52

आवंटन की विभिन्न श्रेणियों के अंतर्गत मिल को किये गये आवंटनों का योग बताने वाले मौलिक रिकार्ड की व्यवस्था के लिए, संघ को कहा जाय कि वह मिल को किये गये सभी आवंटनों की उपयुक्त प्रविष्टियां

निर्यात सम्बन्धन योजनाओं की समाप्ति को ध्यान में रखते हुए ये सिफारिशें अव्यावहारिक हो गई हैं ।

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आवंटन कार्डों में करे अर्थात् :—

- (क) प्रतिधारित कोटा;
 (ख) रक्षा के क्रयादेशों को पूरा करने के लिए विशेष कोटा;
 और
 (ग) हथकरघों को सूत की पूर्ति के लिए दिये गये कोटे ।

प्रतिधारित कोटों पर रुई का आवंटन का कार्य, जो अभी वस्त्र आयुक्त के कार्यालय की हकदारी शाखा द्वारा किया जाता है, भारतीय सूती मिल संघ को दे दिया जाय । बचाव के उपाय के रूप में आवंटनों का एक ब्योरा वस्त्रायुक्त के कार्यालय को भेजा जाय ।

विद्यमान क्रियाविधि, जिसके अंतर्गत मिलों द्वारा, अन्य मिलों को प्रतिधारित कोटे दिये जाने के लिए वस्त्र आयुक्त की अनुमति लेनी पड़ती है, फालतू है अतः इसे समाप्त किया जाना चाहिए ।

प्रतिधारित कोटों की तीसरे पक्षों के हाथ बिक्री को सार्वजनिक सूचना द्वारा निषिद्ध कर देना चाहिए ताकि व्यक्तिगत पक्षों द्वारा पुनः बिक्री के लिए आवेदनपत्र देने का प्रश्न ही न रहे ।

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पी० एल० 480 कार्यक्रम के अंतर्गत रुई के आयात से सम्बन्धित लेखा सम्बन्धी जटिलताओं को दूर करने के लिए पी० एल० 480 के अन्तर्गत स्वीकृत समस्त प्राधिकृत आयात भारतीय सूती मिल संघ जैसे एक केन्द्रीय अभिकरण द्वारा किया जाना

विचाराधीन है ।

चाहिए। इस कार्यवाही के फल-स्वरूप निम्नलिखित लाभ होंगे :—

- (क) संघ द्वारा एक किस्त में पूर्ण परिमाण का आयात किया जा सकेगा जिससे ऋय प्राधिकारों के कुल मूल्य का पूर्ण उपयोग हो सकेगा ;
- (ख) आमद में शीघ्रता/विलम्ब के फलस्वरूप बाजार में अनावश्यक स्ट्रेबाजी समाप्त हो सकेगी ;
- (ग) वस्त्र आयुक्त द्वारा व्यक्तिगत लेखे रखने की अपेक्षा नहीं रहेगी क्योंकि उसे यह निश्चित पता नहीं होता कि आयात कब होगा और कब अमरीकी आवंटन लेखे में उसका भुगतान किया जायेगा ;
- (घ) इसके परिणामस्वरूप अनेक बैंक गारण्टियों के अभिरक्षण और उसके अनुवर्ती ऋण भुगतान से सम्बद्ध लिपिकीय कार्य की अपेक्षा नहीं रहेगी ।

यदि किसी विशिष्ट वर्ष में मिल ऋय प्राधिकार के पूर्ण मूल्य का उपयोग नहीं कर पाए तो केन्द्रीय ऋय अभिकरण भारतीय रुई की सम्भाव्य कमी की पूर्ति के लिए समीकरण भंडार बनाए ।

मिलों द्वारा किस्म के सम्बन्ध में अपनी पसन्द बताने से रोकने के बारे में अनावश्यक रूप से चिन्ता करने की आवश्यकता नहीं है । इन परिस्थितियों में, एक केन्द्रीय अभिकरण, भारतीय सूती मिल संघ अथवा

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विशिष्ट रूप से बनाये गये एक समीकरण भण्डार संघ द्वारा पी० एल० 480 रुई के थोक आयात की सम्भावना की ध्यानपूर्वक जांच की जाय ।

यदि फिर भी किसी कारणवश सरकार उपर्युक्त सुझाव को क्रियान्वित करने में असमर्थ रहते तो यह सुझाव दिया जाता है कि भारतीय सूती मिल संघ को मिलों के व्यक्तिगत सौदों के लेखे रखने का कार्य सौंपा जाय । दूसरे शब्दों में संघ को वस्त्र आयुक्त के द्वारा अधिकृत आवेदक के रूप में किये जाने वाले वर्तमान कार्यों को ले लेना चाहिए ।

संगठित क्षेत्र में अतिरिक्त क्षमता की स्थापना

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| 38. | 5
<hr/> 5. 24 | 25,000 तक की कटाई क्षमता विचाराधीन है ।
अथवा 25,000 तक तथा 500 करघों तक की संयुक्त क्षमता की स्थापना के लिए औद्योगिक लाइसेंस लेने की अपेक्षा नहीं होनी चाहिए । | |
| 39. | 5
<hr/> 5. 24 | लाइसेंस प्रणाली समाप्त कर दी जानी चाहिए जहां मिलें अपने विद्यमान स्थान में अपने विद्यमान एककों के तकुओं अथवा करघों को बढ़ाना चाहते हों वहां भी लाइसेंस लेने की अपेक्षा नहीं होनी चाहिए । | विचाराधीन है । |
| 40. | 5
<hr/> 5. 24 | तकुओं के लिए विद्यमान अक्रियान्वित लाइसेंसों की वैधता बढ़ाने की कोई आवश्यकता नहीं होनी चाहिए । | विचाराधीन है । |
| 41. | 5
<hr/> 5. 24 | सामान्यतया मशीनों के आयात की अनुमति देने के लिए सरकार की ओर से किसी वचनबद्धता की आवश्यकता नहीं है । | विचाराधीन है । |

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42.	5 <hr/> 5. 24	इसके पश्चात् उपर्युक्त मामलों में संस्थापन परमिट जारी करने का प्रश्न नहीं उठना चाहिए ।	स्वीकार कर ली गई ।
43.	5 <hr/> 5. 24	ऐसी सांविधिक विवरणियां नियत की जाएं जिनके अन्तर्गत सूती मिलों द्वारा वस्त्र आयुक्त को सांख्यकीय प्रयोजनों के लिए अधिकांशतः "सूचना" के रूप में नियतकालिक विवरणियां भेजी जानी चाहिए ।	स्वीकार कर ली गई ।
44	5 <hr/> 5. 24	स्वदेशी मशीन निर्माताओं द्वारा निर्मित वस्त्र मशीनों के लगाये जाने के बारे में वस्त्र आयुक्त को जानकारी रखनी चाहिए और इसके लिये उसे इन निर्माताओं से सुविधाजनक रूप में बिक्री के व्यौरे प्राप्त करने चाहिए ।	स्वीकार कर ली गई ।

शक्ति चालित करघों की स्थापना

45	6 <hr/> 6. 12 तथा <hr/> 6	यद्यपि हथकरघों को संरक्षण देने के लिये और विगत अनुभवों को ध्यान में रखते हुए शक्ति चालित करघों के विस्तार का किसी न किसी प्रकार से विनियमन उपयोगी होगा परन्तु इस प्रकार के नियंत्रण की वस्त्र आयुक्त के कार्यालय जैसी केन्द्रीय सरकार की एजेन्सी से आशा करने में कोई तर्क नहीं है ।	शक्तिचालित करघा जांच समिति के प्रतिवेदन पर विचार करने के उपरान्त इन सिफारिशों में दिये गये विषय के संबंध में सरकार ने पहिले ही निणय कर दिये हैं ।
50	6. 12 <hr/> 6. 13		

शक्तिचालित करघों के क्रमबद्ध विकास को सुनिश्चित करने के लिये आवश्यक समझे गये विनियमन के उपाय एवं उनके क्रियान्वयन की प्रणाली को राज्य सरकारों की इच्छा पर छोड़ देना चाहिए ।

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इसके बाद वस्त्र आयुक्त द्वारा टेक्स मार्क जारी करने का प्रश्न ही नहीं उठना चाहिये ।

चौथी योजना के लिये, जब विभिन्न राज्यों को अतिरिक्त करघे आवंटित हों तो राज्य सरकारों को अपने लक्ष्यों की प्राप्ति के लिये आवश्यक उपाय करने चाहिएं ।

राज्य सरकारों को प्राधिकार सौंप देने के बाद लघु क्षेत्र में शक्तिचालित करघों के विकास में, वस्त्र आयुक्त का निर्देशन नहीं हटना चाहिए । शक्तिचालित करघों के विकास के सभी पहलुओं के सम्बन्ध में वस्त्र आयुक्त को सामान्य निर्देशन तैयार करने चाहिये । राज्य सरकारों को यह सुनिश्चित करना चाहिए कि वस्त्र आयुक्त द्वारा जो भी सूचना मांगी जाय, वह उसे भिजवा देनी चाहिये । राज्य सरकारों से, उनके शक्तिचालित करघों के विकास कार्यक्रम के बारे में प्रगति प्रतिवेदन मंगाने के लिये, वस्त्र आयुक्त को शक्तियां दी जानी चाहिए ।

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6. 14

जब तक उत्पादन शुल्क के वर्तमान ढांचे को पूर्ण रूप से नहीं बदला जाता तब तक किसी भी प्रकार के नियंत्रण और नियम शक्तिचालित करघों के अव्यवस्थित विकास को नहीं रोक पायेंगे । राजस्व उपाय तथा विकास नीतियों के केवल विवेकपूर्ण संयोग से ही शक्तिचालित करघों का प्रच्छन्न विकास रुक सकेगा । विचाराधीन है ।

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विकेन्द्रित क्षेत्रको संरक्षण देने के लिये
नियंत्रण और विनियमन।

53	7	हथकरघों और आय दुर्बल भागों के लिये दी जाने वाली सहायता को दीर्घकालीन व्यय नीति के रूप में देखना चाहिये और उसे विनियामक योजनाओं के साथ निर्बाधरूप से सम्बद्ध नहीं कर देना चाहिये।	नोट कर ली गयी।
	7.7		
52	7	टक्सटाइल कमिश्नर की अधिसूचना संख्या 9 (9)—टेक्स 1 (49) दिनांक 15 अप्रैल, 1950 के अन्तर्गत हथकरघा उद्योग की सहायता करने के लिये उत्पादन के क्षेत्रों की सीमा का स्थिरीकरण समयानुकूल रहा और इसने हथकरघा उद्योग की उन्नति में सहायता पहुंचाई। हथकरघों के लिये सुरक्षित क्षेत्रों का आसानी से नियन्त्रण करने तथा शक्तिचालित करघों द्वारा उनके अतिक्रमण को रोकने के लिये यह आवश्यक है कि वर्तमान सुरक्षित क्षेत्र पूर्णतः हथकरघा उद्योग के पास रहें और पांच करघों से कम के छोटे शक्तिचालित कारखानों को दी गई छूट इस आदेश से हटा ली जाए।	शक्तिचालित करघा जांच समिति के प्रतिवेदन पर विचार करने के बाद इन सिफारिशों में अन्तर्निहित मामलों के सम्बन्ध में सरकार पहले ही निर्णय ले चुकी है।
तथा			
54	7.6		
	तथा		
	7		
	7.11		
		हथकरघा उद्योग को बचाने के लिये शुरू की गई धोती कोटे के नियतन की वर्तमान पद्धति की उपयोगिता अब समाप्त हो चुकी है क्योंकि मिलों द्वारा धोतियों का उत्पादन धोती कोटे से बहुत कम है। इस लिये धोती कोटे के नियतन की पद्धति को समाप्त कर दिया जाए।	

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पिछले कुछ वर्षों में सूत के संभरण में वृद्धि हुई है, इसलिये मिलों पर काटन टक्सटाइल (कन्ट्रोल) आर्डर के अन्तर्गत लागू निम्न प्रतिबन्धों / दायित्वों को हटा दिया जाना चाहिए :—

(1) धारा 12 (1)—प्रत्येक तिमाही में मिलों द्वारा 1949 तथा 1950 में बेचे गये सूत के कुछ परिमाण का 1/8 से कम न बेचने के सम्बन्ध में लगा हुआ प्रतिबन्ध ।

(2) धारा 12 (ए) (1)—वस्त्रआयुक्त की लिखित अनुमति के अतिरिक्त मिलों द्वारा सूत की खरीद का निषेध ।

(3) धारा 20 सी (बी०)—रुई या रद्दी रुई से, जो उनकी अपनी नहीं है, संयुक्त मिलों द्वारा सूत की कताई पर निषेध ।

(4) धारा 12 (6वीं) करघों के रीड स्पेस के किसी अदल-बदल अथवा परिवर्तन के संबंध में मिलों द्वारा वस्त्र आयुक्त की अनुमति लेने की आवश्यकता ।

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7. 23

मिलों द्वारा कपड़े की छपाई पर लगे हुए वर्तमान प्रतिबन्धों को हटा दिया जाए और उनके स्थान पर हाथ की छपाई करने वालों के लिये छपाई के क्षेत्रों की सीमा निर्धारित की जाए । जैसी कि अखिल भारतीय हथकरघा बोर्ड ने सिफारिश की है, साड़ियों (किनारी अथवा पल्लू वाली) अथवा बांडर वाले पलंग विछावन तथा चादरों, मेजपोशों की

पूर्णतः स्वीकार कर ली गयी । यह भी निर्णय किया गया है कि अखिल भारतीय हस्त-शिल्प बोर्ड द्वारा प्रस्तावित शक्ति-चालित मशीनों की सुरक्षा, मदों की छपाई के लिये

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		छपाई को हाथ से छपाई करने वालों के लिये सुरक्षित रखना चाहिए ।	छपाई प्रक्रियकों पर पाबन्दी लगाई जानी चाहिए ।
62	7 <hr/> 7. 24	प्रतिबन्धों की कार्य प्रणाली और इसकी नियतकालिक समीक्षा को सुनिश्चित करने के लिये सूती वस्त्र सलाहकार समिति में अखिल भारतीय हस्त-शिल्प बोर्ड का एक प्रतिनिधि शामिल किया जाना चाहिए ।	स्वीकार कर ली गयी ।
63.	7 <hr/> 7. 25	सूती कपड़ा (नियंत्रण) आदेश, 1948 की धारा 20 सी (ए) के अन्तर्गत संयुक्त मिलों पर कपड़े के समापन अथवा उनके द्वारा उत्पादन न किये गये सूत पर लगे वर्तमान प्रतिबन्धों को हटाया जाना चाहिए ।	शक्तिचालित करघा जांच समिति ने यह सिफारिश की थी कि भविष्य में कपड़ा मिलों में मिल क्षेत्र की अपनी आवश्यकताओं के आधार पर तथा इसके बाद क्रम-वार कार्यक्रम के आधार पर तीन वर्ष में समापन करने की क्षमता बढ़ाने की अनुमति दी जानी चाहिए । बाहरी कपड़े का समापन करने के लिए मिलों को दी जाने वाली अनु-मति को समाप्त किया जाना चाहिए । इस सिफारिश पर सरकार ने यह निर्णय किया कि मिलों द्वारा बाहरी कपड़े का समापन करने के लिए पहले से दी गई अनुमति पर प्रतिबन्ध लगाना साध्य नहीं है, क्योंकि इससे क्षमता बेकार

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			<p>होगी तथा बेकारी की समस्याएं पैदा हो जायेंगी। उस समय तक जब तक मिल क्षेत्र के बाहर समापन करने की पर्याप्त क्षमता स्थापित नहीं जाती तब तक नये मिलों को भी कमीशन के आघार पर समापन करने के लिए अनुमति देने की मनाही नहीं करनी चाहिए। सरकार सूत सम्बन्धी अध्ययन की सिफारिश स्वीकार करती है।</p>
		<p>किस्म सम्बन्धी नियन्त्रण</p>	
64.	8	<p>वस्त्र आयुक्त की अधिसूचना संख्या टी सी एस 1/20 दिनांक 22 सितम्बर, 1949 के साथ संलग्न अनुसूची 2 दिनांक 22 सितम्बर, 1959 में दिये गये कपड़े की बुनावट विवरण सम्बन्धी विशिष्टियां अनावश्यक हैं क्योंकि उनके द्वारा भी कपड़े का न्यूनतम टिकाऊपन सुनिश्चित नहीं होता परन्तु वस्त्र आयुक्त कार्यालय में केवल प्रशासकीय कार्य ही बढ़ता है। जहाँ तक अनियन्त्रित श्रेणियों के कपड़े का सम्बन्ध है वहाँ तदनुसार अनुसूची को हटा लिया जाए।</p>	स्वीकार कर ली गई।
	8.5		
	तथा		
	8.6		
68.	8	<p>नियन्त्रण सम्बन्धी अनुसूची 2-ए के अन्तर्गत धोतियों तथा साड़ियों की बुनावट के विवरणों की उपयोगिता अब समाप्त हो चुकी है क्योंकि अनुसूची से 286 मामलों तक के</p>	स्वीकार कर ली गई।
	8.8		

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		<p>व्यक्तिकर्मों की अनुमति दी गई थी । इस लिये इस अनुसूची को बनाये रखना औचित्य पूर्ण नहीं है ।</p>	
		उत्पादन तथा मूल्यों पर सांविधिक नियन्त्रण	
69.	9 <hr/> 9-10	<p>मिल द्वारा बने कपड़े के उत्पादन तथा स्वीकार कर ली गई । मूल्यों पर सर्वदा नियन्त्रण चालू नहीं रहना चाहिए परन्तु रुई की उपलब्धि तथा कपड़े के संभरण की स्थिति को देखते हुए इसकी नियतकालिक समीक्षा की जानी चाहिए ताकि इसके हटाने की सम्भाव्यता का निश्चय हो सके ।</p>	
70.	9 <hr/> 9.10	<p>कपड़ा भंडारों के वर्तमान निम्न स्तर जो केवल लगभग एक महीने के उत्पादन के बराबर है, और मिलों द्वारा बढ़ती हुई मांग को पूरा करने के लिए रुई के अपर्याप्त उत्पादन को देखते हुए कपड़े के उत्पादन तथा मूल्यों पर नियन्त्रण कुछ समय तक जारी रहने चाहिए ।</p>	स्वीकार कर ली गई ।
		कपड़े तथा सूत पर चिन्हांकन	
71.	10 <hr/> 10.5	<p>चूंकि व्यापार तथा विपणन चिन्हन अधिनियम की धाराओं के अन्तर्गत कपड़े के निर्माता का नाम, लम्बाई, चौड़ाई तथा किस्म का विवरण कपड़े के थानों पर अनिवार्य रूप से अंकित किया जाता है । इसलिये वस्त्र आयुक्त द्वारा निर्धारित चिन्ह अंकित करना आवश्यक नहीं है । कपड़े की सभी श्रेणियों पर से "टैक्समार्क" की मोहर लगाने को समाप्त किया जा सकता है ।</p>	स्वीकार कर ली गयी ।
72.	10 <hr/> 10.6	<p>कपड़े के थानों पर व्यापारियों के व्यापार अंक के मोहर लगाने की भी कोई उपयोगिता नहीं है ।</p>	स्वीकार कर ली गयी ।

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73.	10	जहां तक कपड़े की अनियन्त्रित श्रेणियों का सम्बन्ध है, वहां मिलों पर पैक करने के मास तथा वर्ष की मोहर लगाना अनिवार्य नहीं होना चाहिए। फिर भी ये चिन्ह कपड़े की नियन्त्रित किस्मों पर जारी रह सकते हैं।	स्वीकार कर ली गयी।
	10.6		
74.	10	व्यापार तथा विपणन चिन्हन अधिनियम के अन्तर्गत निर्माता के नाम तथा सूत के विवरण को सूत पर चिह्नांकित किया जाना आवश्यक है, इसलिये काटन टैक्सटाइल (कंट्रोल) आर्डर के अन्तर्गत निर्धारित चिह्नांकन को हटाया जा सकता है।	स्वीकार कर ली गयी।
	10.8		
75.	10	कपड़े तथा सूत की गांठों के लिये वर्तमान चिह्नांकन पद्धति जारी रह सकती है परन्तु निर्माता के नाम के स्थान पर "टेक्समार्क" चिह्नित किया जा सकता है तथा पैकिंग के मास तथा वर्ष की मोहर लगाने को समाप्त किया जा सकता है।	स्वीकार कर ली गयी।
	10.9		
कपड़ा मशीनें			
79.	11	यद्यपि एक निदेशालय को संयंत्र तथा मशीनों के विकास की जिम्मेदारी सौंपना आपत्तिजनक नहीं है तथापि इस समस्या के प्रति अव्यवहारिक दृष्टिकोण नहीं होना चाहिए और जिन मामलों में इंजीनियरी उद्योग के विशेष क्षेत्र के विकास के लिये सामान्य इंजीनियरी की पृष्ठभूमि के अतिरिक्त विशेषीकृत ज्ञान आवश्यक हो वहां इस बात पर बल नहीं दिया जाना चाहिए कि कार्य को केवल एकरूपता सुनिश्चित करने हेतु सामान्य इंजीनियरी उद्योग के एक अंग के रूप में माना जाए।	विचाराधीन है।
99.	11.7 से		
	11.12,		
	11.21,		
	11.22,		
	11.27		
	से		
	11.31		
	और		
	11.38 से		
	11.40		

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इन सभी मामलों में दृष्टिकोण यह होना चाहिए कि किस प्रकार से उद्योग के विशेष क्षेत्र का सबसे अधिक विकास किया जा सकता है और ऐसा नहीं होना चाहिए कि क्या इंजीनियरी उद्योगों के मामले में एकसा दृष्टिकोण आवश्यक है अथवा नहीं ।

उद्योग की शाखा विशेष की विशेष आवश्यकताओं को ध्यान में रखते हुए जहां इंजीनियरी उद्योग को तकनीकी विकास के महानिदेशालय से पृथक किया जा सकता हो वहां उसे एक पृथक इकाई के रूप में रखने और तकनीकी विकास के महा निदेशालय के साथ समन्वय सुनिश्चित करने के अन्य उपाय ढूढने में कोई संकोच नहीं किया जाना चाहिए ।

तकनीकी विकास के महानिदेशालय को काम का हस्तांतरण किये जाने के परिणामस्वरूप प्रशासनिक खर्च में वृद्धि होने के अतिरिक्त काम में विलम्ब तथा द्विरावृत्ति भी होगी ।

कपड़ा मशीन निर्माता उद्योग के विकास से सम्बन्धित काम कपड़ा आयुक्त को ही करते रहना चाहिये ।

इस आलोचना में कि कपड़ा मशीन निर्माण के विकास की देख रेख करने के लिये कपड़ा आयुक्त के कार्यालय में पर्याप्त अनुभवी कर्मचारी नहीं हैं, बल नहीं है । कपड़ा इंजीनियरी में विशेषज्ञ एक योग्यता प्राप्त यांत्रिकी इंजीनियर की नियुक्ति कर के इस कठिनाई

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को दूर किया जा सकता है और किया जाए। यदि तकनीकी विकास के महानिदेशालय के संगठन में ऐसा कोई उम्मीदवार उपलब्ध हो तो उसे उस संगठन के संवर्ग से लिया जा सकता है।

कपड़ा मशीन निर्माण के लाइसेंसिंग तथा विकास में तकनीकी विकास के महा निदेशालय द्वारा अत्यन्त उपयोगी कार्य किया जा सकता है। कपड़ा मशीन निर्माण के लिये लाइसेंस सम्बन्धी आवेदनपत्रों पर विचार करने में उसे सम्बद्ध करना चाहिए और जब मशीनी औजारों सम्बन्धी आवेदनपत्रों पर विचार किया जाए तो स्थानिक पूंजीगत माल समिति (बम्बई) की बैठक में उसका प्रतिनिधित्व होना चाहिए।

उद्योग-लाइसेंसिंग क्रियाविधियों के बारे में तकनीकी विकास के महानिदेशालय विषयक माथुर अध्ययन दल द्वारा जो उपचारात्मक उपाय सुझाये गये हैं उन्हें लाभप्रद रूप से कपड़ा मशीनों के मामले में लागू किया जा सकता है।

माथुर अध्ययन दल द्वारा जिस सुधरे हुये कार्य की प्रशासनिक मंत्रालयों के लिये परिकल्पना की गयी है, वह कपड़ा मशीन निर्माण के आवेदनपत्रों के मामले में, यांत्रिक इंजीनियरी उद्योग (एम० ई० आई०) अनुभाग पर लागू होगा।

सिफारिश क्रमांक 85 के अनुरूप तकनीकी के विकास के महानिदेशालय को भी कपड़ा मशीन के

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आवेदन पत्रों के मामले में सलाह किये जाने वालों की सूची में शामिल किया जाना चाहिए।

तकनीकी सलाह अभिकरण और उद्योग मंत्रालय में निबटान सम्बन्धी क्रियाविधि के बारे में माथुर अध्ययन दल की सिफारिशों को लाभ प्रद रूप में से अपनाया जा सकता है।

कपड़ा आयुक्त के कार्यालय में कपड़ा मशीन शाखा द्वारा सचिवालय की लाइसेंसिंग समिति की टिप्पणियां भेजने में 21 से 45 दिनों से अधिक समय नहीं लिया जाना चाहिए।

पूँजीगत माल की आयात सम्बन्धी क्रियाविधि को सरल करने के बारे में माथुर अध्ययन दल द्वारा की गई सिफारिशों का पालन किया जाना चाहिए।

पूँजीगत माल के आयातक द्वारा उपयोग में लाने के लिये आवेदन पत्रों का माथुर अध्ययन दल द्वारा सुझाया गया संशोधित रूप नियत किया जाना चाहिए जिससे यह सुनिश्चित हो कि तकनीकी विकास के महा निदेशालय और आयात एवं निर्यात के मुख्य नियंत्रक के इस्तेमाल के लिये सुसंगत आवश्यक समस्त जानकारी पहली बार ही दे दी जाये और विगत निर्देशों की अपेक्षा न रहे।

स्थानीय पूँजीगत माल समिति के लिये सार तैयार किये जाने तक पूँजीगत माल के आयात सम्बन्धी आवेदनपत्रों

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को निबटाने के लिये 23 से 28 दिन तक समय सारणी की सिफारिश की जाती है ।

आयात निर्यात व्यापार नियंत्रण संगठन के लिये नियुक्त किये गये अध्ययन दल द्वारा किये गये सुझाव के अनुसार, वस्त्र मशीन शाखाओं, सामान्य इंजीनियरी उद्योग के अन्तर्गत आने वाली मदों के लिये तकनीकी विकास के महानिदेशालय से पैकेज निष्कासन प्राप्त करना चाहिये । इस प्रकार के पैकेज निष्कासन को एक वर्ष की अवधि के लिये वैध माना जाना चाहिये तथा इसे प्रत्येक लाइसेंस वर्ष के प्रारम्भ में प्राप्त किया जाना चाहिये ।

फिर भी ऐसी कई बातें हो सकती हैं जिनकी पैकेज सूची में व्यवस्था न हो मकी हो और इसके लिये स्थानीय पूंजीगत माल समिति की बैठकों सिफारिश (85) में तकनीकी विकास के महानिदेशालय के एक प्रतिनिधि की उपस्थिति लाभदायक हो सकती है । यदि इस बात का ध्यान रखा जाये कि इस प्रतिनिधि को कागज काफी पहले ही भेज दिए जाएं तो वह बैठक में ही देशी उत्पादन के दृष्टिकोण से अपनी राय दे सकता है ।

उन मामलों में, जो पैकेज सूची में नहीं आते और जहाँ आयात का मूल्य 5 लाख रुपये से कम हो, तकनीकी विकास के महानिदेशालय से देशी उत्पादन के बारे में निष्कासन-पत्र-व्यवहार द्वारा प्राप्त किया जाता रहेगा । तकनीकी विकास के महा-

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निदेशालय में सम्बद्ध विकासनिदेशालय को निष्कासन 20 दिन की अवधि में दे देना चाहिये ।

किसी ऐसे उद्योग को जो न्यायोचित रूप से राज्यों का उत्तरदायित्व होना चाहिये, केन्द्रीय नियंत्रण में रखने में कोई औचित्य नहीं है । तदनुसार वस्त्र मशीनों के निर्माण में लगे हुए 25 लाख रुपये से कम पूंजी वाले एककों के विकास का उत्तरदायित्व राज्य सरकारों को हस्तांतरित किया जाना चाहिये ।

इसका यह आशय नहीं है कि राज्य सरकारों को उपर्युक्त अधिकार सौंप देने के बाद वस्त्र आयुक्त को लघु तथा मध्यम एककों के विकास के मामले में सब प्रकार के उत्तरदायित्व से मुक्त कर देना चाहिये। वस्त्र मशीन उद्योग की सम्पूर्ण आयोजना तथा विकास के लिए वस्त्र आयुक्त को उत्तरदायी बने रहने देना चाहिये ।

बिना लाइसेंस का जो क्षेत्र राज्यों को हस्तांतरित किया जाय उसके विषय में वस्त्र आयुक्त का उत्तरदायित्व निम्नलिखित होना चाहिए :—

- (1) मोटे तौर पर, राज्य सरकारों को हस्तांतरित किये जाने वाले बिना लाइसेंस के क्षेत्र के संबंध में वस्त्र आयुक्त का कार्य वैसा ही होना चाहिये जैसा कि राज्य सरकारों के अधीन पहले ही चल रहे लघु उद्योगों के सम्बन्ध में लघु उद्योगों के विकास आयुक्त का है ।

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- (2) वस्त्र आयुक्त को चाहिये कि वह राज्यों के उद्योगों निदेशकों के माध्यम से अपने पास उद्योग के विकास सम्बन्धी अत्यावश्यक तथ्यों की जानकारी रखे। इसके लिये वह ऐसी उपयुक्त विवरणियों का निर्धारण कर सकता है जिन में एककों की संख्या, उनकी क्षमता और उत्पादन आदि के बारे में जानकारी आ सके।
- (3) विभिन्न पहलुओं पर राज्य के उद्योग निदेशकों को पथ-प्रदर्शक निर्देशन जारी करने के लिए उसे सक्षम होना चाहिए। विशेषतः उसे एक नियतकालिकपत्रिका निकालनी चाहिए जिसमें उन वस्त्र मशीनों की मर्दों का व्यौरा हो जिसके लिए क्षमता के सृजन को प्रोत्साहन दिया जाय। वस्त्र आयुक्त के कार्यालय में उपलब्ध दिपुणता सम्बन्धी जानकारी को यथासम्भव अधिकतम सीमा तक लेखबद्ध करके उसे राज्यों के उद्योग निदेशक, लघु उद्योग सेवा संस्थान और अन्य उपयुक्त स्रोत के माध्यम से गैर-लाइसेंस क्षेत्र के भावी उद्यमियों को उपलब्ध करने का यथासम्भव निश्चित कार्यक्रम होना चाहिए।
- (4) गैर-लाइसेंस क्षेत्र को कच्चे माल तथा संघटकों की मांग को पूरा करने के लिए विदेशी मुद्रा का एकमुश्त नियतन पहिले वस्त्र आयुक्त के यहां

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आना चाहिए जो बाद में सभी सम्बद्ध तथ्यों को ध्यान में रखते हुए राज्यवार नियतन करे। राज्यों में निर्धारित नियतन पृथक् माना जाना चाहिए तथा इसे लघु उद्योग के लिए किये गये नियतन के साथ न मिलाया जाए। ऐसा करना यह सुनिश्चित करने के लिए आवश्यक है कि इस महत्वपूर्ण उद्योग के विकास में हुई सन्तोष-प्रद प्रगति को इस नई व्यवस्था में भी बनाये रखा जाए।

(5) विदेशी सहयोग के नये कारखानों के मामलों का निवटान वस्त्र आयुक्त के साथ मिल कर उद्योगों के राज्य निदेशकों द्वारा किया जाना चाहिए।

(6) पूंजीगत माल के आयात के मामलों में भी यही बात होनी चाहिए। इस क्षेत्र के पूंजीगत माल के आवेदन पत्रों का समा-पन वस्त्र आयुक्त और स्थानीय पूंजीगत माल समिति द्वारा उसी आधार पर किया जाना चाहिए जो कि सामान्यतः लघु उद्योगों के पूंजीगत माल की आवश्यकताओं के लिये लघु उद्योगों के विकास आयुक्त की क्रियाविधियों के अनुरूप हो।

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		और केवल सन्देशास्पद मामलों को उद्योग मन्त्रालय को भेजा जाना चाहिए ।	
101.	11 <hr/> 11.44	वस्त्र आयुक्त के लिए यह आवश्यक है कि वह विदेशी सहयोग के मामलों के समापन में बिलम्ब कम करे । वस्त्र आयुक्त को अधिकार सौंप दिये जाने के बाद, उसे इन मामलों के निवटाने में 15-20 दिन से अधिक समय नहीं लेना चाहिए ।	विदेशी सहयोग के मामलों के समापन में बिलम्ब कम करने की आवश्यकता को स्वीकार कर लिया गया है
102.	11 <hr/> 11.49	बिक्री की दिशाओं के सम्बन्ध में समर्थकारी उपबन्धों को बनाये रखना चाहिए, जबकि वस्त्र मशीन (उत्पादन तथा वितरण) नियन्त्रण आदेश, 1962 के अन्तर्गत आवश्यक पंजीकरण पद्धति को समाप्त कर दिया जाए ।	बिक्री के लिए निर्देशों को जारी करने संबंधी, समर्थकारी उपबन्ध के अतिरिक्त वस्त्र मशीन (उत्पादन तथा वितरण) नियन्त्रण आदेश, 1962 के अन्तर्गत पंजीकरण सम्बन्धी उपबन्धों को जारी रखा जाना चाहिए ।
वस्त्र उद्योग की संभरणकी दुर्लभ मदें प्राप्त करने में वस्त्र, आयुक्त द्वारा दी गई मदद			
103.	12 <hr/> 12.5	कोयले के नियतन और सापेक्षतया कोयले का संभरण आसान होने के कारण वस्त्र आयुक्त का कार्य सीमित होने को ध्यान में रखते हुए, वस्त्र आयुक्त के लिए यह आवश्यक नहीं रह जाता कि उन पर इस कार्य का भार भी डाला जाये ।	स्वीकार कर ली गई ।
104.	12 <hr/> 12.5	अहमदाबाद तथा इन्दौर के मिल मालिक की संस्थाएं अपने क्षेत्रों में उपलब्ध कोयले के 'समूहीकरण' में बहुत	स्वीकार कर ली गई ।

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		उद्योगी भूमिका निभा रही हैं। “समूहीकरण” की विधि अन्य क्षेत्रों में भी बढ़ायी जाये।	
105.	12 ————— 12. 5	भारतीय रई मिल संघ को कोयला खपाने वाली विभिन्न इकाइयों की मांगों को मिला कर बड़े परिमाण में एक करने और विभिन्न मिल- मालिकों की संस्थाओं की सलाह से इकाईवार नियतन करने को कहा जाये। इकाइयों को नियतन, संघ द्वारा किया जाये।	स्वीकार कर ली गई।
106.	12 ————— 12. 7	माल डिब्बों की आवश्यकता के लिए लक्ष्य, पूर्व संचलन को ध्यान में रखते हुए जिन का विस्तृत ब्यौरा विभिन्न रेलवे स्टेशनों से प्राप्त किया जा सकता है, स्वयं रेलवे बोर्ड द्वारा बनाये जायें। यदि आवश्यक हो तो रेलवे बोर्ड को भारतीय रई मिल संघों, स्टार्च निर्माता संस्थाओं, मशीन निर्माता संस्थाओं तथा पूर्व भारत रई संस्थाओं से सलाह करके आवश्यक जानकारी प्राप्त करे।	स्वीकार कर ली गई।

सांख्यिकीय फार्म एवं विवरणियों की समीक्षा

108.	13 ————— 13. 4	फार्म एवं विवरणियों की समीक्षा करने के लिए नियुक्त उप-समिति के वस्त्र आयुक्त को प्रस्तुत किये गये प्रतिवेदन को प्रतिवेदन के अनुबन्ध 8 में उद्धृत किया गया है। समिति ने चार मासिक विवरणियों अर्थात् पी आई, सीसी 'डी' तथा सहकारी भण्डारों एवं सस्ते मूल्यों वाली दुकानों के लिए उद्दीष्ट कपड़े की विवरणों को समाप्त करने की सिफारिश की है। जिन फार्मों	उप-समिति द्वारा की गई सिफारिशें स्वीकार कर ली गईं।
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उपयोगी भूमिका निभा रही हैं।
“समूहीकरण” की विधि अन्य क्षेत्रों
में भी बढ़ायी जाये।

105. 12 भारतीय रई मिल संघ को कोयला खपाने वाली विभिन्न इकाइयों की मांगों को मिला कर बड़े परिमाण में एक करने और विभिन्न मिल-मालिकों की संस्थाओं की सलाह से इकाईवार नियतन करने को कहा जाये। इकाइयों को नियतन, संघ द्वारा किया जाये। स्वीकार कर ली गई।
12. 5
106. 12 माल डिब्बों की आवश्यकता के लिए लक्ष्य, पूर्व संचलन को ध्यान में रखते हुए जिन का विस्तृत ब्यौरा विभिन्न रेलवे स्टेशनों से प्राप्त किया जा सकता है, स्वयं रेलवे बोर्ड द्वारा बनाये जायें। यदि आवश्यक हो तो रेलवे बोर्ड को भारतीय रई मिल संघों, स्टार्च निर्माता संस्थाओं, मशीन निर्माता संस्थाओं तथा पूर्व भारत रई संस्थाओं से मलाह करके आवश्यक जानकारी प्राप्त करे। स्वीकार कर ली गई।
12. 7

सांख्यिकीय फार्म एवं विवरणियों की समीक्षा

108. 13 फार्म एवं विवरणियों की समीक्षा उप-समिति द्वारा की करने के लिए नियुक्त उप-समिति के वस्त्र आयुक्त को प्रस्तुत किये गये प्रतिवेदन को प्रतिवेदन के अनुबन्ध 8 में उद्धृत किया गया है। समिति ने चार मासिक विवरणियों अर्थात् पी आई, सोसी 'डी' तथा सहकारी भण्डारों एवं सस्ते मूल्यों वाली दुकानों के लिए उद्दीष्ट कपड़े की विवरणों को समाप्त करने की सिफारिश की है। जिन फार्मों
13. 4
- गई सिफारिशें स्वीकार कर ली गईं।

		में संशोधन किया गया है वे प्रति- वेदन में संलग्न अनुबन्धों में दिये गये हैं ।	
109.	13	वस्त्र आयुक्त के कार्यालय में आंकड़ों के सारणीकरण के लिए यन्त्रों का प्रयोग चालू करने की आवश्यकता है ।	स्वीकार कर ली गई ।
	13.5		
110.	13	यह आवश्यक है कि उद्योग द्वारा प्रस्तुत की गयी विभिन्न सांख्यिकीय विवरणियों की निरन्तर समीक्षा करते रहने के लिए एक स्थायी सलाहकार निकाय रखा जाये ।	स्वीकार कर ली गई ।
	13.5		

ए० वी० वेंकटेश्वरन,
संयुक्त सचिव, भारत सरकार ।