

**THIRD PLAN TARGETS**  
**FOR**  
**HANDLOOMS, POWERLOOMS AND MILLS**



**E INDIAN COTTON MILLS' FEDERATION**  
**BOMBAY I.**

## FOREWORD

In the course of the last 4 or 5 years, continuous attention has been given to the problem of prices and supplies of cotton textiles. It is unfortunate, however, that the remedies that have been applied from time to time have been mere palliatives, directed as they were towards either inhibiting the demand or somehow maintaining prices in check. It is high time that energies were directed towards increasing the supply of cloth to match the demand, rather than the other way about. With the rise in population and in per capita income expected in the course of the Third Five Year Plan, the demand will go up at a faster pace and unless very serious attention is given to the matter of increasing production, the country may witness in the coming years, a deterioration in the cloth supply position to an extent not experienced before.

The Planning Commission has tentatively allocated to the handlooms, powerlooms and mills, certain targets of production based on official figures of their current production. The Federation had its doubts about the accuracy of the method employed by official agencies to estimate the production of handlooms and powerlooms, and now that this matter has become the subject of controversy through certain articles which appeared in the newspapers, the Federation has decided to publish the results of its own studies in the matter. An effort has been made in this memorandum to analyse the contribution to the supply position and to the Plan resources made by various sectors within the cotton textile industry—as well as their potentialities, so that all those interested in the subject should have at their disposal, the available data on the subject.

*It is not the object of this memorandum to plead for a bigger target for the cotton mill industry which would be fully satisfied with any target that may ultimately be assigned to it. The mill industry would, however, like to be assured that so long as its production is in line with its targets, it will be allowed to work in peace and not subjected to irksome controls at every stage. The mill industry submits that it should not be charged of profiteering and made the scapegoat for any shortfall in supplies due to the inability of other sectors to reach such targets as may be assigned to them.*

Finally, the Federation would like to caution against repetition of the events of the Second Plan, when the powerloom industry was allowed to deprive the handloom industry of its share in the production of decentralised sectors, resulting in serious loss both of revenue and of socio-economic objectives!

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## THIRD PLAN TARGETS FOR HANDLOOMS, POWERLOOMS AND MILLS

The Planning Commission has come to the conclusion that the country should aim at producing 9,300 million yards of cotton cloth per annum by the end of the Third Five-Year Plan and has allocated the following targets to the different sectors comprising the cotton textile industry:

The Cotton Mill Industry .. ..	5,800 mil. yds.
The decentralised sector .. ..	3,500 mil. yds.
tentatively sub-divided as under:	
Handlooms .. ..	2,800 mil. yds.
Powerlooms, traditional	
Khadi and Ambar Khadi .. ..	700 mil. yds.

2. As the production of traditional Khadi and Ambar Khadi is not significant, this study is confined to the remaining sectors whose production in the last few years, according to the Textile Commissioner's Statistical Bulletin, has been as under:

	<i>(In Million Yards)</i>				
	1955.	1956.	1957.	1958.	1959.
Mills.	5094	5307	5317	4927	4925
Handlooms.	1480	1509	1643	1798	1907
Powerlooms	273	278	303	331	351

3. The Statistics of production of the handloom sector and the powerloom sector, published in the Textile Commissioner's Bulletin, are based on the assumption that, out of all yarns delivered by textile mills, 10% is used for non-textile purposes like the manufacture of rope, newar, fishing nets, hosiery, etc. The remaining 90% of yarn is divided between handlooms and powerlooms in the proportion of 76% and 14% and the production of the two sectors is worked out at the rate of 4.5 yards of cloth per pound of yarn.

4. This means that whatever the actual position, the official figures of production of the two sectors will always be in the

proportion of 76 to 14 or 5.43 to 1, as will be seen from the following figures published in the Textile Commissioner's Statistical Bulletin:

Official figures of production of the handloom sector  
and the powerloom sector.

(First three columns from the Textile Commissioner's  
Statistical Bulletin, last column ours).

Year.	Production of Handlooms. (In Mil. Yards)	Production of Powerlooms. (In Mil. Yards.)	Ratio of handloom Production to Power- loom production)
1952	1109	204	5.43 to 1
1953	1200	221	5.43 to 1
1954	1318	243	5.43 to 1
1955	1480	273	5.43 to 1
1956	1509	278	5.43 to 1
1957	1643	303	5.43 to 1
1958	1798	331	5.43 to 1
1959	1907	351	5.43 to 1

5. Although the division of yarn between the handloom sector and the powerloom sector in the proportion of 76% to 14% may have been correct when this method of calculating the production of the two sectors was first introduced, it is quite out of date today, and it is the purpose of this study to analyse the available statistics on the subject with a view to arriving at a reliable estimate of the current performance of the two sectors.

6. In the 11 months of 1960, yarn delivered for civil consumption was 490 million pounds and the proportionate figure for the full year would come to 534.5 million pounds. Subtracting 10% of yarn assumed to have been used for non-textile purposes, the balance comes to 481 million pounds which at the rate of 4.5 yards per pound gives the combined cloth production by the handloom sector and powerloom sector as 2,165 million yards. The question is how much of this can be attributed to the handloom sector and how much to the powerloom sector?

## Estimate of Handloom Production

7. The Reserve Bank of India and the All-India Handloom Board attached to the office of the Textile Commissioner, have been publishing information about production and other aspects of the handloom sector. The following table gives the production of cotton handlooms in the co-operative fold:

Year.	Average No. of looms reporting (lakhs)	Production (Million Yards)	Average annual Production per loom (Yards)
1956	2.52	239.6	951
1957	4.50	359.6	799
1958	6.48	463.8	717
1959	6.18	374.7	606

8. Not all looms in the co-operative fold are actually working. The Reserve Bank in its "Statistical Statements Relating to the Co-operative Movement in India, 1958-59", gives statistics pertaining to co-operative handloom societies, and the following figures relating to the number of looms working in the co-operative fold have been taken from this source: (the figures are in lakhs);

	No. of looms registered	No. of looms working	(2) as percentage (1)
1957-58	11.59	7.39	63.8
1958-59	9.63	6.26	65.0

9. The number of handlooms registered in the co-operative fold was 11.59 lakhs in 1957-58, and is said to be 12 lakhs in 1960. The figure of 9.63 lakh looms for 1958-59 in the above table therefore, appears incongruous and if it is changed to at least 11.59 lakhs (the same as in the previous year), the percentage of working looms to registered looms in 1958-59 goes down to 54.0. However, we shall assume that 65 per cent of looms registered in the co-operative fold are actually working. The number of handlooms in the co-operative fold according to latest reports being 12 lakhs, the number of working handlooms at 65 per cent comes to 7.80 lakhs. The table at the end of paragraph

7, shows that the latest figure of average annual production per loom in the co-operative sector is 606 yards, and at this rate, 7.80 lakh looms should have produced 473 million yards.

10. Handlooms outside the co-operative fold suffer from a number of disabilities compared to handlooms within the co-operatives, such as (1) Government's subsidy to the handloom industry given in the shape of rebate on retail sales at very attractive rates is available only to looms in the co-operative fold. (2) The Reserve Bank's loan facilities for working capital are also available only to these looms. (3) The facilities of buying raw materials and marketing finished products at economic prices, enjoyed by looms in the co-operative fold, are not available to the same extent to those outside the fold.

With all these disabilities, it seems obvious that among looms outside the co-operatives, both the percentage of active looms and the production per loom would be much lower. A study conducted by the Handloom Board in Madras State revealed that the average number of days and looms worked was larger when the weavers joined the co-operative fold. We shall, therefore, be justified in assuming that the percentage of active looms outside the co-operatives is something like 55 (against 65 within the co-operatives) and the production per loom 550 yards (against 606 of looms within the co-operatives). The number of looms outside the co-operative fold is 10.8 lakhs and at 55 per cent, the number of working looms comes to 5.9 lakhs. With a production of 550 yards per loom, the production of handlooms outside the co-operative fold amounts to 324 million yards.

11. We thus obtain the following results: 12 lakh looms in the co-operative fold produce 473 million yards, and 10.8 lakh looms outside the co-operative fold produce 324 million yards, giving a total of 797 or, say, 800 million yards.

### **Estimates of Powerloom Production**

12. If, out of the combined cloth production by the handloom and the powerloom sectors at 2165 million yards, 800 million yards are attributed to the handloom sector, the production of the powerloom sector comes to 1365 million yards.

13. It will now be necessary to examine how far the powerloom sector is capable of producing 1365 million yards as estimat-

ed above. The Textile Commissioner's Monthly Statistical Bulletin used to publish figures pertaining to those powerloom factories which were good enough to submit monthly returns. The number of returns varied from month to month, but the variation was within reasonable limits.

### Statistics of Powerloom Production

Year.	Average No. of Looms Worked			Production of Cloth
	1st Shift	2nd Shift	3rd Shift	
1958	5586	4869	2218	138 Million Yards
1959	5819	5279	2441	153 Million Yards
1960	5676	5230	2727	(107.3 Million Yards for 8 months) i.e. 161 Million Yards for full year.

For 1960, data are available only for the first 8 months, as the Bulletin stopped publication of these figures from September 1960 onwards.

14. If we divide the production of a year by the number of looms working in the first shift, we shall obtain an approximate figure of production per working loom. For the year 1960 dividing the production of 161 million yards by 5676 (the number of looms working in the first shift), the annual production per working powerloom comes to 28,400 yards and on this basis, there will have to be 48,000 working looms to produce 1365 million yards. Not all powerlooms will, however, be working throughout the year and if, as in the cotton mill sector, the number of looms at work in the first shift is taken to be 90% of the installed loomage, the number of looms installed in the powerloom sector will have to be around 54,000.

15. All available data to estimate the number of powerlooms in the country have been given in some detail in the Annexure. Competent observers are of the opinion that the number of looms in the powerloom sector working with cotton yarn is in the neighbourhood of 80,000 to 90,000. At the Silver Jubilee



celebrations of the Amalgamated Electric Co. Ltd., held in January 1961, it was mentioned that the number of consumers of electric power in Bhiwandi had risen from 260 to 7208, and the number of powerlooms in that centre alone was 17,000! Thus, although the information about the size of the powerloom sector is inadequate, it seems clear that the number of looms in the powerloom sector exceeds the figure of 54,000 (required as per calculation of paragraph 14) by so wide a margin that the powerloom sector is capable of producing much more than 1365 million yards estimated above, and if it has not produced more, it will soon do so!

### Present Performance and Third Plan Targets

16. In the above analysis the production of the handloom sector and the powerloom sector in 1960 has been estimated at 800 million yards and 1365 million yards respectively. The targets that had been assigned to the various sectors in the Second Plan, their performance in 1960 and the tentative targets assigned to them for the Third Plan will, therefore, be as under:-

Sector.	Second Plan Target	Performance in 1960 (Figures in million yards)	Target for the Third Plan
Cotton Mills	5,000	5,044	5,800
Handlooms	2,125	800	2,800
Powerlooms	405	1,365	500 to 600.

17. It will be observed that the powerloom sector (particularly the small establishments) has usurped a major portion of the target of the handloom sector which was not allowed to produce even 50% of what was allotted to it. As pointed out in the table at the end of paragraph 7, according to official statistics, the average annual production per loom in the co-operative fold has been registering a steep decline (from 951 yards per loom in 1956 to 606 yards in 1959). In fact, the Kanungo Committee, which reported in September 1954, considered the ultimate replacement of handlooms by powerlooms as "inescapable". The powerlooms have been able to do this because of the wide and undeserved advantages enjoyed by them, the nature of which has been described in later paragraphs. In the light of this drastic drop in the production of handlooms, it is a matter for

consideration as to what effective steps should be taken to help the handloom sector to increase its production from 800 million yards to 2,800 million yards. It is also not known what measures are contemplated by Government, not only to stop further depredations by the powerloom sector on the field allocated to handlooms, but also to cut down its production from 1365 million yards to 500 to 600 million yards. The recent indulgence shown to this sector by allowing all unauthorised looms to regularise themselves by payment of a paltry fee of Rs. 100 per loom in easy instalments does not seem to be a pointer in this direction.

### Effect on Plan Resources

18. Apart from the necessity of devising measures to ensure that the decentralised sectors produce the targets respectively assigned to them, this matter has also to be considered from the point of view of resources for the Third Five-Year Plan, on which it has a vital bearing.

19. The composite mills paid to Government in 1958-59 excise duty of Rs. 62.6 crores on 4098 million yards of cloth, delivered for civil consumption, and in 1959-60 Rs. 63.5 crores against deliveries of 4229 million yards, giving an average rate of 15.14 *naye paise per linear yard*.

20. If all the 1365 million yards, now produced by powerlooms, were to be manufactured by mills, Government would have secured a yearly revenue of over Rs. 20 crores. The amount of excise revenue derived from the powerloom sector is not known, but is said to be negligible. (More light on this aspect has been thrown in the Annexure). This means continued production of so much cloth by the powerloom sector over the five years of the Third Plan would mean loss of revenue to the extent of over Rs. 100 crores.

21. But that is not all. If the additional production of 2,000 million yards, proposed to be allotted to the handloom sector, is spread evenly over the next five years, the extra production to be attained year by year will be as under:

1961-62	..	..	400 million yards.
1962-63	..	..	800 million yards.
1963-64	..	..	1,200 million yards.
1964-65	..	..	1,600 million yards.
1965-66	..	..	2,000 million yards.
Total:			<u>6,000 million yards.</u>

If, considering what happened during the Second Five-Year Plan period, so much additional cloth is ultimately produced by the powerloom sector, the loss of revenue at 15.14 nP. per linear yard would come to Rs. 91 crores.

22. This refers only to contribution in the form of excise duty, to which must be added income-tax, corporation tax, and various other taxes and levies to arrive at the total loss of resources that would result from cotton textiles being produced in the small powerloom establishments.

### **Development of The Handloom Sector**

23. The handloom sector has undoubtedly a very important place in the economy of the country by reason of its employment potential. It is for this reason that the sector was allotted a target of 2125 million yards in the Second Plan. Actually, however, because of the indulgence shown to the powerloom sector, it is that sector which expanded its production to 1365 million yards depriving the exchequer of a revenue of Rs. 20 crores, in addition to causing loss of employment in the handloom sector and giving to such people as were employed in the powerloom sector, lower wages, adverse working conditions, etc. It is a matter for consideration how far these losses can be considered to have been compensated by the employment provided and the wages received by the handloom weavers who were held down to a production of only 800 million yards.

24. The problem of handlooms has to be considered from humanitarian and socio-economic angles and the question of revenue which Government could have secured if cloth were produced in the tax-bearing sector, instead of on handlooms, is of secondary importance. There are, however, certain limitations even to such considerations and a caveat entered by the Village and Small-scale Industries (II Plan) Committee, popularly known as the Karve Committee, appears relevant in this connection. After administering in paragraph 32 of its report, a warning that measures taken during the Second Five-Year Plan should not put handicaps in the way of progress or planning in the future five-year periods, the Committee says in paragraph 33: (*emphasis ours*).

“33. The importance and relevance of this consideration may be illustrated as follows. The objective of providing additional employment may be achieved by creating special opportunities of work for large numbers of people in productive activity carried on in ways which may yield only a very small amount of net income to them. Programmes of creation of such work then have to be supported by direct or indirect subsidies to yield a minimum level of subsistence income. In effect, *this would involve relief of the unemployed through public funds with only a very small contribution being received from the fruit of their employment. Further, if this involves either bringing in new persons who are not engaged traditionally in those occupations or creating new equipments for the purpose, it would result in the employment of labour in directions where its use is patently uneconomic.* In a programme of future development this would prove a handicap as presumably, these resources and personnel will soon have to be withdrawn from these uses. The same reasoning applies to the extent and duration of the protection given to existing employment in means of production which have become completely obsolete or relatively very uneconomic.”

25. In the light of this observation of the Karve Committee, special attention needs to be given as regards the place envisaged for the handloom sector during the next 10 or 15 years in the economy of the country, so that any hasty action taken from temporary considerations should not result in creating hurdles in the way of future economic development of the country, through the employment of labour in directions where its use is patently uneconomic. Furthermore, while rendering liberal assistance to the handloom sector in the interest of maintaining employment in the countryside, reasonable correlation might be maintained between the investment made in it from the country's resources and the actual benefit derived by handloom weavers (as distinct from the intermediaries, master weavers, etc.). In the future development of the handloom sector, these considerations might be given the importance due to them.

### **Place of The Powerloom Sector in The Country's Economy**

26. The small powerloom sector, as already observed, has thrived on the target of the handloom sector and has, in the

process, throttled its benefactor. The Fact-Finding Committee, in its report published as far back as February 1942, had this to say about the potentialities of the powerloom sector:

(Extract from paragraph 151 of the Fact-Finding Committee's Report).

"A more serious rival to the handloom industry than mills has arisen in the small-scale powerloom factories. This rival combines in itself, owing to its medium-scale production, the advantages of both mills and handlooms. It can utilise cheap electrical power and avail itself of the modern appliances in weaving. The competition of powerlooms is a growing phenomenon; about 15 years ago, the handlooms had nothing to fear from them. Powerlooms are not subject to any irksome restrictions such as the Factories Act or special taxes. As such, they are a source of competition in important lines to the mills as well. The cost of production in powerlooms is comparatively low owing to small overhead charges and economies of mechanical production."

27. Since the time of Fact-Finding Committee's Report, the advantages enjoyed by the small powerloom factories have widened in various directions as under:-

(a) The disparity in the wage cost as between mills and powerlooms should have gone up by a substantial margin. In 1941 the Bombay mills, for instance, used to pay an average monthly wage, including dearness allowance of Rs. 36.66. This has now gone up to Rs. 149, to which must be added the cost of social security benefits, such as Provident Fund, Employees' State Insurance, and gratuity, totalling Rs. 12 to 13. The wage cost in the powerloom factories cannot have gone up in the same proportion as they are not subject to any labour legislation.

(b) The Factory Legislation, as it stands today, represents a great advance over the position as it existed in 1941. The small powerloom factories which are not governed by the factory legislation would derive greater advantages from this factor now, than they did 20 years ago.

(c) Mills are prohibited from producing several types of cloth, the production of which has been reserved for the hand-

loom sector. The production of dhoties by mills has also been pegged to 60 per cent, of what they did in 1951-52. The small powerloom factories, to whom these restrictions do not apply, have proved to be the real beneficiaries of the reservation meant for the handloom sector.

(d) As if all this were not enough, the powerloom sector has now received a further fillip in the shape of concession in excise duty. The unauthorised powerlooms, which constitute the bulk of the powerloom sector, would not be paying any excise duty and most of the authorised powerloom establishments are divided up into 4 looms each so as to secure complete exemption from excise duty. The few powerloom establishments which may be paying excise duty have to pay it at concessional rates, the benefit arising from which has been analysed in detail in the Annexure. It has been shown earlier that the loss of revenue to the country from the production of textiles in the small powerloom sector is already running at a level of Rs. 20 crores per annum.

28. When cloth is produced in the handloom sector, there is a counter-balancing advantage in the shape of employment provided; but the indulgence shown to the small powerloom sector is difficult to understand. Not only does it involve loss of revenue, but even in the matter of employment, it reveals a positive loss from socio-economic considerations. If cloth is produced in mills instead of in powerloom establishments, not only will there be employment on the same scale, but the wage rates will perhaps be 100% better, with better working conditions, observance of safety provisions, benefits of social security measures and so forth.

29. One can, therefore, say that the small powerloom factories which neither give proper wages, working conditions and taxes as the mill sector does, nor provide large scale employment as the handloom sector does, should really be looked upon as a parasite on the economy, gaining at the cost of the handloom sector, the mill sector and the public exchequer.

### **Conclusion**

30. The question of allocation of targets to the various sectors cannot be considered purely from an economic angle

and employment aspects, the consumer's interests and requirements of developmental planning have to be weighed one against the other to arrive at decisions which will balance all these considerations. The mill industry would, however, like to emphasise only two points. Firstly, if any difficulties arise in the supply position through failure of other sectors or through defective assignment of targets, the mill industry should not be made a scape-goat by being held responsible for all ills and subjected to all manner of restrictions with regard to prices, distribution etc. Secondly, it would like to caution against a repetition of the events of the Second Plan period when the increased target assigned to handlooms was wrested by the small powerloom factories which do not make any worthwhile contribution to the economy of the country, from the economic, social or any other angle.

### **Annexure**

31. Attached to this memorandum is an annexure containing statistical data on various aspects of the questions discussed above, so that those interested in making a closer study of the subject should have available to them, material with which to judge the validity of the various assumptions made in the memorandum.

## ANNEXURE

### Textile Commissioner's Estimates (Paragraph 3 of the Memorandum)

For estimating the production of the handloom sector and the powerloom sector, the Textile Commissioner's office proceeds on the following assumptions:-

(i) Out of all yarn delivered by mills for civil consumption, 10% is utilised for non-textile production such as hosiery, fishing nets, ropes, jape, newar, sewing and darning thread etc.

(ii) Of the balance of 90%, 76% is deemed to be consumed by handlooms and 14% by powerlooms.

(iii) From every pound of yarn so consumed by handlooms and powerlooms, 4.5 yards of cloth are woven.

2. It is not possible with the available data to ascertain how far assumption No. (i), namely, consumption of 10% of yarn for non-textile purposes, is correct. We have however, proceeded on the same assumption.

3. Assumption No. (ii) has already been discussed in the body of the memorandum.

4. As regards assumption No. (iii), namely, 4.5 yards of cloth are produced from each pound of yarn woven, some data is available which is as under:

*Cotton yarn of various counts consumed and delivered for civil consumption by all mills in India for the first 11 months of 1960:*

(Source: Monthly Statistical Bulletin issued by the Textile Commissioner).

Count group of yarn	(Figures in '000 lbs.)	
	Consumed by composite mills for weaving cloth.	Delivered for civil consumption.
1s to 10s	67,309	79,521
11s to 20s	336,204	160,623
21s to 30s	398,310	99,167



31s to 40s	182,002	84,083
41s to 60s	19,440	41,810
61s to 80s	18,704	20,958
Above 80s	11,777	3,799
<b>Total:</b>	<b>1,033,746</b>	<b>489,961</b>
<b>Average count</b> (worked out by us)	<b>24.3</b>	<b>24.8</b>

5. In the 11 months of 1960, 4597 million yards of cloth were produced by composite mills by consuming 1034 million lbs. of yarn which gives a rate of production of 4.45 per lb of yarn. Considering that the average count of yarn delivered for civil consumption is half a count finer than that consumed by mills themselves, the Textile Commissioner's assumption that the decentralised sector produces 4.5 yards per lb. of yarn delivered, seems fully justified for the production pattern of 1960.

### **Estimates of Handloom Production ( Paragraph 7 to 11 of The Memorandum )**

The assumptions made in the body of the memorandum in estimating production of the handloom industry are further scrutinised below:

6. In the table at the end of paragraph 7, the available figures of average annual production per loom in the co-operative fold have been given for the years 1956 to 1959. We have assumed that in 1960 this figure is 606 yards, the same as in 1959. Actually, looking to the downward trend of production (from 951 yards per annum in 1956 to 606 yards in 1959), the figure for 1960 might perhaps be lower, and to that extent, the calculation of 606 yards per loom is likely to prove an over-estimate.

7. In the table at the end of paragraph 8 of the memorandum, percentages have been given of active looms in the co-operative fold. As explained in paragraph 9, the percentage of active looms is more likely to have been 54 rather than 65. The memorandum, however, has proceeded on the assumption that 65% of looms in the co-operative fold are active, which is thus likely to be an over-estimate.

8. For reasons given in paragraph 10 of the memorandum, it has been assumed that in the non-co-operative sector, the percentage of active looms is 55 and the production per loom 550 yards. Admittedly, these assumptions are in the nature of a reasonable guess. But looking to other available evidence, mentioned in the next paragraph, the total production of handlooms at 800 million yards is likely to be an over-estimate rather than an underestimate.

9. According to a press report of a Seminar held in October 1960 at Bangalore, out of 1,04,000 looms in Mysore State, about 75,000 are in the co-operative sector. Out of these, only 38,500 looms were said to be active, giving the percentage of active looms in the co-operatives fold at 51 as against 65 assumed in our calculation. Handloom production in Mysore State is said to have totalled 16 million yards in 1959-60, and if this production is divided over 38,500 active looms in the co-operative fold, the production per loom per annum in Mysore State comes to 415 yards as against 606 yards for all—India, assumed by us. From all this, it would be reasonable to conclude that a closer scrutiny of our assumptions will result in lowering rather than increasing the estimate of 800 million yards for handloom production.

### **Estimates of Powerloom Production ( Paragraphs 12 to 15 of The Memorandum )**

10. In paragraph 13 of the Memorandum, figures of average number of looms worked and the production attained by those powerlooms which were good enough to submit monthly returns to the Textile Commissioner have been supplied. For purposes of comparison, corresponding figures for the working of the cotton mill industry are given below:

#### *Production and loom working in the Cotton Mill Industry.*

(Source: Textile Commissioner's Statistical Bulletin).

Year.	1st Shift (in lakhs)	2nd Shift (in lakhs)	3rd Shift (in lakhs)	Production ( In Million Yards
1958	1.77	1.66	0.38	4927
1959	1.77	1.68	0.37	4925
1960	1.79	1.73	0.42	5044

11. If we take the duration of the first, second and third shifts as 8, 8 and 6-1/2 hours, it will be easy to see that the annual production per loomshift of 8 hours works out as under:—

*Annual Production per loom shift:*

Year	Cotton Mills:	Powerlooms:
1958	13,173 Yards	11,259 Yards
1959	13,133 Yards	11,696 Yards
1960	13,067 Yards	12,265 Yards

12. If we divide the production of a year by the number of looms working in the first shift, we obtain an approximate figure of production per working loom. This calculation gives the following results for 1960:

*Production per working loom in 1960:*

In cotton mills (5044 million yards divided by 1.79 lakh looms)	28,200 yards
On powerlooms (161 million yards divided by 5676 looms)	28,400 yards

13. The powerlooms have been able to achieve a higher production per working loom by more intensive working. For every loom worked in the first shift in the cotton mills in 1960, 0.97 looms were worked in the second shift and 0.24 looms in the third. In the powerloom sector, for every loom worked in the first shift in 1960, 0.92 looms were worked in the second shift, and 0.48 looms in the third, which gives us the following results:

*Intensity of working of looms in 1960*

	Cotton Mills:	Powerlooms:
No. of looms worked in the first shift	1.00	1.00
No. of looms worked in the second shift	0.97	0.92
No. of looms worked in the third shift	0.24	0.48
<b>Total:</b>	<b>2.21</b>	<b>2.40</b>

14. The powerlooms have thus been able to produce 28,400 yards per working loom as against 28,200 in the mills, by more intensive working. Furthermore, the small powerloom establishments to which the Factory Act is not applicable, might even be working longer shifts than the mills, and where three shifts are worked, they may be working all 24 hours of the day as against 22-1/2 hours worked in the mills.

15. The calculations made regarding production potential of the powerloom sector give rise to a number of questions, some of which are:—

(a) The figure of 28,400 yards per working loom has been obtained with reference to those looms which were good enough to submit returns to the Textile Commissioner and the returns cover something like 6,000 looms. Will all other looms be producing at the same rate?

(b) The powerlooms which were good enough to submit returns produced 12,265 yards per loom shift of 8 hours against 13,067 yards in mills, showing an efficiency comparable to that of looms in mills. Will all the remaining looms in the powerloom sector be working with the same efficiency?

16. These questions are more or less answered by the fact that powerloom shifts may be of a duration longer than 8 hours and they may be having a smaller number of holidays in a year, as they do not have to observe the relevant provisions of the Factories Act. Further, looking to the margin of profit enjoyed by the unauthorised powerlooms, their working is likely to be far more intensive than in the case of those authorised powerloom factories which were good enough to submit monthly returns to the Textile Commissioner. Since, however, the number of powerlooms in the country seems to exceed the figure of 54000 (calculated in paragraph 14 of the memorandum) by a very wide margin, further consideration about the relative efficiency of production of the powerloom sector appears unnecessary.

17. Turning now to available information about the number of looms in the powerloom sector, according to a statement furnished to the Lok Sabha on 22nd November, 1960, the

number of authorised powerlooms working on cotton yarn was 27,478. The same statement also gave the latest available information about the number of unauthorised looms on the basis of the census of such looms conducted by the State Governments. The number of unauthorised powerlooms working with cotton yarn was 16,818 and with non-cotton yarn 16,793, but the census had still not covered the States of Rajasthan, Mysore, U.P., Assam and a few districts of the then Bombay State, whose reports were still awaited. Thus, the number of authorised; and officially estimated unauthorised powerlooms is 27,478 and 16,818 making a total of 44,296 plus those unauthorised powerlooms which may be reported subsequently from Rajasthan, Mysore, U.P., Assam and a few districts of the then Bombay State. It seems clear, however, that the census would not have succeeded in unearthing all unauthorised powerlooms as it is highly profitable for such looms to continue to remain unknown to the authorities. It must also be noted that division of powerlooms into cotton and non-cotton has no particular significance as most of them can be used on cotton yarn or non-cotton yarn depending upon circumstances.

18. The Fact-Finding Committee which was set up in January 1941, and which reported in February 1942, had made some estimates about the number of powerlooms in the country. They state in paragraph 18: (*emphasis ours*).

“18. *Powerlooms*:— The markets lost by the handlooms have not all gone to the mills. Of late a new rival has come into the field, namely single-unit powerlooms worked in cottages, and small powerloom factories. During the last two or three decades, powerlooms have been growing in many centres, especially in Bombay, the Central Provinces and Berar, the Punjab, Hyderabad and Mysore. In Bombay, at any rate, powerlooms were introduced in centres where the handloom had been deprived of its market, and were worked by weavers who formerly plied the handloom. Although the looms are generally old ones discarded by mills, these small units have been able to cut down production costs *and have proved a serious rival not only to handlooms but to mills also*. Wherever these little powerloom units have grown, e.g., Surat, Bhiwandi, Malegaon, Burhanpur, Ichalkaranji, — the number of handlooms

had declined and in certain Bombay centres this has seriously affected the handloom industry. *Moreover, the powerlooms are growing with amazing rapidity. The Bombay Industrial Survey Committee which reported in 1939 found only 2,500 such powerlooms in the Bombay Province, but in August 1941, according to reports that have reached us, there were at least 6,400 in that Province alone and about 15,000 in all India, and the number is growing daily.*"

19. The Textile Enquiry Committee (Kanungo Committee) in its report published in September 1954, gave the number of authorised powerlooms as 24,071, but nothing is known about the number of unauthorised powerlooms which existed at the time of the Kanungo Committee's report. It will be interesting to note that in the subsequent period of over six years of increasing profitability for the powerloom sector, the number of authorised powerlooms has gone up from 24,071 in 1954 to 27,478 in 1960, that is, by 3,407 only!

20. Reference has already been made to the Fact-Finding Committee's observation made as far back as 1941-42, that the powerlooms were growing with amazing rapidity, *that the number was growing daily* and that in Bombay State alone, their number had increased from 2,500 in 1939 to at least 6,400 in August 1941, the all India total being estimated at 15000. This was at a time when the additional advantages of excise and additional excise duty and the facility to exploit the field of production reserved for the handloom industry were absent. It would be worthwhile for those in authority to inquire into the number of looms which must have become available to the powerloom sector since the time of the Fact-Finding Committee's report.

21. So far as cotton mills are concerned, they had 202,464 looms in 1939 and their present installed capacity is 200,272. This means that in the last 21 years, the mill sector has not increased its loomage and it is a matter for consideration as to how many of the looms, both imported and indigenously produced, would have gone to the powerloom sector either direct or through mills in the process of replacement of existing looms by new ones. We are not aware of statistics

which will throw light on this aspect of the matter. We, however, glean from the Monthly Statistics of Production of Selected industries of India, published by the Cabinet Secretariat, that the the number of looms manufactured indigenously from 1951 to 1959 is 25,000. We also find from the Monthly Statistics of the Foreign Trade of India, published by the Department of Commercial Intelligence and Statistics, Calcutta, that the number of looms imported from April 1955 to the end of 1959 is 7,434. This leaves a wide gap about the number of looms imported from 1939 to April 1955.

*Extent of Excise Duty payable by powerlooms*

(Paragraph 20 of the Memorandum)

22. The powerlooms are required to pay a compounded excise duty on the basis of so many rupees per month per loom per shift, and the current compounded rates of levy are as under:—

*Statutory rates of excise duty per loom per shift per month payable by powerloom establishments.*

	Establishments Manufacturing Coarse and Medium.	Establishments manufacturing Fine and Superfine.
	Excise Duty.	Excise Duty.
	Rs.	Rs.
A. Establishments having 1 to 4 Powerlooms.	Nil	Nil
B. Establishments having 5 to 9 Powerlooms (First 4 looms free).	32	37
C. Establishments having 10 to 24 Powerlooms (First 4 free, next 5 at rate applicable to B).	41	51
D. Establishments having 25 to 50 Powerlooms.	50	80
E. Establishments having 51 to 100 Powerlooms.	55	100
F. Establishments having 101 to 300 Powerlooms.	60	110

23. For purposes of calculation, we shall take in respect of Category B, i.e. establishments having 5 to 9 powerlooms, a factory having 7 powerlooms, 7 being the mid-point between 5 and 9 and for Category C, an establishment having 17 powerlooms. On this basis, the monthly duty payable by these categories of establishments works out as under:

*Average duty payable per month per shift for all looms in B and C types of establishments:*

Size of Unit (1)	No. of Looms in the Establishment at the mid point of the range. (2)	Duty payable by establishments producing Coarse and Medium (3)	Duty payable by establishments producing fine and Superfine. (4)
		Rs.	Rs.
B. 5 to 9 Looms.	7	96	111
C. 10 to 24 Looms.	17	488	593

24. Dividing the figures of column (3) by those of column (2), we arrive at the duty payable per loom per shift per month by establishments of types B and C. These considerations do not apply to establishments of types D to F, as in their case, the duty is chargeable uniformly on all looms. Thus we get the following results:

*Estimated excise duty payable per loom per shift per month for establishments of different sizes.*

Size of Unit	Duty per Loom for establishments producing Coarse and Medium.	Duty per loom for establishments producing Fine and superfine.
	Rs. nP.	Rs. nP.
A. Upto 4 Looms.	Nil	Nil
B. 5 to 9 Looms.	8.63	15.86
C. 10 to 24 Looms.	28.70	34.88
D. 25 to 50 Looms.	50.00	80.00
E. 51 to 100 Looms.	55.00	100.00
F. 101 to 300 Looms.	60.00	110.00



25. Taking the production per shift per month of 25 working days at 1000 linear yards, the duty payable per linear yard of cloth by the different sizes of establishments works out as under:

*Estimated duty per linear yard of cloth borne by establishments of different sizes:*

Size of Unit	Rate of duty per yard of Coarse and Medium. (Naye Paise)	Rate of duty per yard of Fine and Superfine (Naye Paise)
A. Upto 4 Looms.	Nil	Nil
B. 5 to 9 Looms.	0.86	1.59
C. 10 to 24 Looms.	2.87	3.49
D. 25 to 50 Looms.	5.00	8.00
E. 51 to 100 Looms.	5.50	10.00
F. 101 to 300.	6.00	11.00

26. For purposes of comparison, it would be necessary to find out the excise duty per linear yard paid by composite mills and powerloom factories having more than 300 looms. This works out as under:

*Estimated duty per linear yard paid by composite mills:  
(Figures in Naye Paise)*

	Coarse.	Lower Medium.	Higher Medium.	Fine.	Superfine
Rate of excise duty per sq. yard.	8.56	10.56	11.56	28.06	39.06
Average width for different categories of cloth Yds.	1.04	1.11	1.11	1.15	1.33
Duty per linear yard.	8.90	11.72	12.83	32.27	51.95

The average width assumed for different categories of cloth in the above table is that which is generally accepted.

27. The following table shows the advantage per linear yard of grey cloth enjoyed by different sizes of powerloom establishments over composite mills and large powerloom factories:

*Comparative rates of excise duty per linear yard of grey cloth:*

Type of Establishment	Coarse	Lower Medium	Higher Medium	Fine.	Super-fine
Composit Mills.	nP. 8.90	nP. 11.72	nP. 12.83	nP. 32.27	nP. 51.95
Establishments having:					
A. Upto 4 powerlooms.		Nil			Nil
B. 5 to 9 powerlooms.		0.86			1.59
C. 10 to 24 powerlooms.		2.87			3.49
D. 25 to 50 powerlooms.		5.00			8.00
E. 51 to 100 powerlooms.		5.50			10.00
F. 101 to 300 powerlooms.		6.00			11.00

28. Composite mills are required to pay additional surcharges of 0.5 nP. for bleached cloth, 1.5 nP. for dyed or mercerised cloth and 3 nP. for shrink-proofed cloth and the advantage of powerloom factories will widen to that extent when they produce non-grey cloth. It will be noticed that in superfine cloth, the advantage ranges from 42 to 52 nP. per linear yard for grey cloth only!

29. The most important thing to note, however, is that the unauthorised looms which form the bulk of the powerloom sector, do not pay any excise duty and most of the authorised establishments are divided up into 4 looms each so that they also escape payment of excise duty. The revenue derived from the remaining few establishments seems to be negligible.

30. The Fact-Finding Committee had warned the country about the menace of the small powerloom sector as far back as 1941-42. With vastly added advantages given to them, it is easy to imagine how much more of a menace they must have become and it seems clear that unless this matter is gone into very earnestly, it will not be long before the powerloom factories gain a complete stranglehold over both the handloom and the mill sectors.

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