



Government of India

**REPORT OF THE POST-WAR PLANNING  
COMMITTEE (TEXTILES)**

**PART I**

BOMBAY

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GOVERNMENT OF INDIA  
DEPARTMENT OF INDUSTRIES

New Delhi, the 4th May 1946.

RESOLUTION.

EXPANSION OF THE COTTON TEXTILE INDUSTRY.

In February 1945 the Government of India appointed a Committee to prepare a plan for the development of the Indian Cotton Textile Industry. Their Report, submitted in November 1945, is now published for general information.

2. The Government of India wish in the first place to congratulate the Committee on a notably clear and able report which will contribute greatly to the understanding of the problems of this great industry, and to express their gratitude for the public spirit as well as the competence shown by the Committee.

The Government of India are in substantial agreement with the Committee and the differences of view on certain aspects discussed below do not affect the fundamental scheme for expansion which the Committee have proposed.

3. The Government of India agree with the Committee that for the next few years it will not be possible to procure enough machinery to support an expansion of more than 1,700 million yards per annum of cloth. Like the Committee the Government of India would have preferred a greater expansion, but on a consideration of the probable availability of textile machinery in the near future there is no alternative but to plan for the present on the basis of the target recommended by the Committee. The plan will in the present circumstances be an interim plan and it is the intention of the Government of India to review it when world economic conditions or other circumstances make a review desirable.

4. The Committee recommend in essence that expansion should be distributed all over India. With this recommendation the Government of India are in entire agreement, and they have accepted with some minor modifications the detailed suggestions of the Committee for the allocation of new spindleage in the various zones. The Annexure to this Resolution shows the final detailed allocation decided upon. In addition to the allocation shown in this annexure, it is proposed to allot some 130,000 spindles for the purpose of expansion of small mills in various States in the South Deficit Zone and in the Rajputana Deficit Zone.

5. The Committee have taken the view that the amount of "free" yarn at present available from India's mill production is adequate for the needs of handloom weavers and other consumers of yarn. The Government of India, however, think it necessary to ensure increased supplies of yarn for handloom weavers and other consumers, and have to this end directed that at least 25 per cent. of the new spindles installed shall be left uncovered by looms. Each British Indian Province and Indian State would of course be the best assessor of its own exact needs, and the Government of India propose therefore that the Provinces and States may, if so advised, reserve a larger spindleage for such purposes.

6. The Committee have recommended a reduction in the duty of foreign cotton, and a full rebate of import duty paid on cotton for the benefit of India's export trade. The Government of India do not consider that these

measures are justified in the present non-competitive conditions of world trade; but they will review the matter on the lines recommended by the Committee when competitive conditions return, in order that the Indian export trade may be able to compete in world markets on equal terms with other countries.

7. The Committee recommend in paragraph 9 of their Report that the import of second-hand productive machinery should be prohibited. Since it will be some years before India can produce enough cloth for her own requirements, the Government of India have not been able to accept this recommendation; they will allow import licences for second-hand productive machinery for the present if they are fully satisfied that the machinery in question will be serviceable for a reasonable period and suitable for economic production.

8. The Committee have recommended that import of certain machinery should be permitted freely from any country in the world. Having regard to existing currency difficulties, the Government of India consider that import of plant from countries in respect of which they exist should be permitted only when there is reason to believe that the plant will be delivered appreciably earlier or will be considerably cheaper or better than if obtained from the sterling areas.

9. The Committee have recommended that where the replacement of existing by new plant is allowed, the replaced plant should be scrapped. While the Government of India appreciate the force of the Committee's recommendation on this point, they cannot see their way, in the present conditions of cloth shortage, to accepting it *in toto*. But they will urge on Provincial and State Governments the desirability of preventing the use by mills of inefficient and uneconomic plants.

10. In paragraph 23 (e) of their Report the Committee recommend that applications for import licences received after the 30th September 1945 should be excluded. The Government of India have not accepted this recommendation because they feel that the relevant press advertisements did not come in good time to the attention of all industrialists concerned.

11. The Committee have modified the recommendation made in paragraph 24 of their Report, and now recommend that the Government of India should indicate to manufacturers that priority should be given to orders for expansion and new mills over orders for replacement of existing machinery. The Government of India accept this recommendation.

12. The Committee have pointed out in their Report that the present prices of textile machinery manufactured by firms in the United Kingdom are high. The Government of India agree that this is so, and will endeavour to obtain a reduction in those prices.

13. Subject to what is contained in this Resolution, the Government of India accept the recommendations made in the Committee's Report.

*Order.*—Ordered that a copy of the above Resolution be communicated to all Provincial Governments and Administrations, all Departments of the Government of India, the Political Department, the Director General of Commercial Intelligence and Statistics, the Central Board of Revenue, the Indian Trade Commissioners, the High Commissioner for India, London, His Majesty's Trade Commissioner in India and all Chambers of Commerce.

Ordered also that it be published in the *Gazette of India*.

## ANNEXURE.

Zone.	Provinces and States.	Fine Spindles.	Coarse Spindles.
Bombay Surplus Area	Bombay Presidency	114,000	.....
	Baroda	88,000	.....
	Nawanagar	.....	25,000
	Junagadh	.....	25,000
	Bhavnagar	.....	25,000
	Cambay	19,000	.....
Sind Zone	Sind Province	.....	75,000
	Khairpur	.....	25,000
Punjab Zone	Punjab Province	114,000	323,000
	Delhi Province	.....	.....
	N. W. F. P.	.....	.....
	Bahawalpur	.....	50,000
	Nabha	.....	25,000
	Kapurthala	.....	25,000
United Provinces Zone	United Provinces	114,000	150,000
	Benares State	.....	25,000
Bihar Zone	Bihar Province	38,000	175,000
Bengal Zone	Bengal Presidency	125,000	200,000
	Assam Province	100,000	(coarse and fine mixed).
	Seraikala	.....	25,000
Orissa Zone	Orissa Province	19,000	100,000
	Mayurbhunj	.....	25,000
Central Provinces Zone	Central Provinces	76,000	75,000
	Rewa	.....	25,000
South Zone	Madras Presidency	152,000	200,000
	Hyderabad	19,000	50,000
	Mysore	19,000	25,000
	Travancore	.....	50,000
	Cochin	.....	25,000
	Pudukottah	.....	25,000
Rajputana Zone	Gwalior	19,000	.....
	Bharatpur	.....	25,000
	Bikaner	.....	25,000
	Dholpur	.....	25,000
	Alwar	.....	25,000
	Palanpur	19,000	.....
Total	885,000 fine spindles.		
	1,873,000 coarse spindles.		
	100,000 for Assam, coarse and fine together.		
	<u>2,858,000</u>		

M. W. M. YEATTS, Secy.

# REPORT OF THE POST-WAR PLANNING COMMITTEE (TEXTILES).

## PART I

### *Proposed expansion of the Cotton Textile Industry.*

We were appointed by the Government of India in February 1945 to advise them on the Post-War Planning of the Cotton Textile Industry. The following are the members of our Committee; those whose names are marked with an asterisk are also members of our Standing Sub-Committee:—

1. \*Mr. D. M. Khatau (*Chairman*).
2. \*Mr. T. V. Baddeley.
3. Mr. B. M. Bagri.
4. \*Mr. Sakarlal Balabhai.
5. Mr. B. W. Batchelor.
6. \*Mr. Chaturbhujdas Chimanlal.
7. Mr. R. C. Jall.
8. \*Mr. Kasturbhai Lalbhai.
9. Dewan Bahadur C. S. Ratnasabapathi Mudaliar, C.B.E.
10. Sir Shri Ram.
11. \*Mr. Krishnaraj M. D. Thackersey.
12. Mr. J. Tinker.
13. Mr. Neville Wadia.

The Main Committee has so far met on six occasions and the Standing Sub-Committee on nine occasions, the procedure being that, after general discussion in the Main Committee, the Standing Sub-Committee were entrusted with the preparation of a draft report which was subsequently again amended and approved by the Main Committee. In order to save time, our Chairman, Mr. D. M. Khatau, has been authorised to sign the report on behalf of all of us.

2. The Government of India have suggested that we should put up a scheme to expand the existing mill industry from the present productive capacity of mill-made cloth of 4,800 million yards per annum to a productive capacity of mill-made cloth of 7,200 million yards per annum. We have agreed in principle that such an expansion might be desirable, but we do not think that this is a matter of great immediate moment, as in our opinion, it will be impracticable in the immediate post-war future to procure the necessary machinery to plan for an expansion at this stage much greater than an increase of 1.25 million spindles capable of spinning counts 40's or finer, which will hereafter be referred to as fine counts, and 1.5 million spindles capable of spinning 39's or under, which will hereafter be referred to as coarse counts.

3. The expansion of 2.75 million spindles contemplated by us will result approximately in an increase in production of 1,700 million yards of cloth per annum, or 510 million yards of fine cloth per annum and 1,190 million yards of coarse cloth per annum. In terms of lbs. of yarn the figures will be approximately 63.75 million lbs. fine yarn and 297.5 million lbs. of coarse yarn per

annum. The production resulting from the existing mills and the proposed expansion will, therefore, it is suggested, be as follows in terms of yards of cloth per annum :—

Existing production of mill-made cloth ...	4,800 million yards.
Production of handloom cloth according to the Report of the Fact Finding Committee (Handloom & Mills) 1942.	1,500 million yards.
Anticipated production from new plant to be installed.	1,700 million yards.
Total ...	8,000 million yards.
Less Provision for export, say 10 per cent. of the total production.	800 million yards.
Available for civil population ...	7,200 million yards.

*Note.*—We would point out that in practice the yardage figures above should be considerably exceeded due to (a) the free import of productive machinery from all countries other than the U.K. recommended by us, (b) the proviso for the installation of balancing machinery in addition to the planned increase of 2.75 million spindles and (c) to the replacement of old machinery by new machinery.

4. Before any fine spinning extension can be planned for with confidence or in fairness to the Industry, the Government of India should adjust its Tariff policy so that no premium is given to imported fine yarns from foreign countries, which would prevent the development of fine counts spinning in India. Long staple imported cotton should never be subject to an import duty, which works out at a higher rate than that on imported yarn, and we recommend that the duty on foreign cotton which was raised from one anna to two annas per lb. purely as a war measure on 29th January 1942 should be reduced immediately to half an anna per lb.

5. The fine spinning and weaving industry in India must also in fairness be allowed to participate in the export trade and the Government of India should implement the promise given at the time of the Indo-Burma Trade Agreement to allow a full rebate of import duty paid on cotton. (*Vide* the Government of India's Press Note on 17th May 1941, Appendix "A" attached). We should also suggest to the Government of India that consideration should be given to the import duty on machinery and stores which form extra costs *vis-a-vis* our competitors when arriving at the final scheme for the payment of rebate on cloth and yarn exported out of India. In one of the subsequent parts of our Report we propose to make further recommendations regarding exports of Cotton Cloth and Yarn from India.

6. Our recommendations for the expansion of the fine spinning industry in India are conditional upon both these points being taken into account and followed by appropriate Government action.

7. The population of India has been estimated for purposes of this plan as 400 millions. The production of 7,200 million yards, therefore, would provide approximately 18 yards per head per annum of mill made and handloom cloth on an all India basis.

8. We have examined the existing cloth production and supply situation in the country and have planned for the introduction of new plants bearing in mind the following :—

(a) That no plan can be prepared except on an all India basis, and we wish it to be clearly understood that if the Government of India cannot arrange for the compliance of all Provinces and States to the principles of this post-war plan, we are of the opinion that the whole question of planning for the expansion or erection of new mills in India must be abandoned.

(b) We accept the principle that in order to raise the general standard of living in India, it is necessary for industrial enterprise to be sited not in one or two selected industrial areas, but as far as practicable on a country wide basis.

(c) We have planned the distribution of new plants and extensions to existing plants according to the territorial divisions of India as defined in the Cotton Cloth Movements Control Order, 1943, *see* Appendix "B" attached. We have adopted these divisions, as in our opinion, they are the most suitable geographical areas on which to base the plan. Each of these areas comprises both British India and Indian State Territory. Many of the areas comprise one or more Provinces and/or States. We do not propose to go into the relative merits of the proposed promoters of new concerns in the various Provinces and/or States in any particular zone, as this is a matter which we consider should be decided by the Government of India in conjunction with the Provinces and States concerned, subject to certain broad economic principles which are set forth in Appendix "C" attached.

9. We detail in the succeeding paragraphs the procedure that we recommend should be followed in respect of the import of productive machinery from any country. It must be clearly understood that these recommendations are all subject to our previous recommendation which has already been conveyed to Government that the import of secondhand or reconditioned productive machinery from any country in the world should *not* be permitted.

*Note.*—The reasons for our decision referred to above were—

(a) The representatives of Labour on the Textile Control Board pressed very strongly their view that the import of such machinery was a retrograde step not in the interests of the country and which would be particularly harmful to Labour.

(b) The undoubted fact that were such machinery to be imported a number of low productive capacity machines would be installed which would seriously impair the efficiency and competitive capacity of the Industry as a whole.

10. *Import of productive machinery from countries other than the U. K.*— We recommend that all restrictions on such imports should be withdrawn and that such machinery should be permitted to be imported by any person in India for projects sanctioned in the light of the recommendations contained in this report and/or for any other purpose. For definition of productive machinery *see* Appendix "D".

11. We also consider that productive machinery should be permitted to be imported in excess of the planned quantities under the following circumstances :—

(a) For replacement, providing that a mill undertakes to discontinue operating an equivalent amount of plant and to dispose of such plant in the manner detailed below :

(i) The mill concerned undertakes to sell and deliver to the purchaser an equivalent amount of old plant within 16 years from the date of manufacture of such old plant, or

(ii) The mill concerned undertakes to break up an equivalent amount of old plant of an age greater than 15 years computed from the date of manufacture up to the time the replacement machinery is ready to operate.

(b) Any productive machinery ordered prior to 23rd December 1944 or sanctioned by the Government of India as a result of the recommendations of our Committee and the Millstores and Priority Assistance Committee of the Textile Control Board upto 31st July 1945, which had not been delivered or was not in operation on the 1st January 1945.

*Note.*—The Government of India have by notification stated that they would register under the Post-War Capital Goods Scheme and grant import licences in respect of all orders that had been placed before the 23rd December 1944.

(c) *Productive machinery for balancing existing plant.*—Providing the installation of such productive machinery does not increase the total spindleage installed in any plant by more than 10 per cent. of the present spindles installed or by 10,000 spindles whichever is the lower and providing also that no weaving machinery shall be installed by virtue of these provisions in excess of the minimum quantity of weaving machinery required to absorb the whole production of the spinning department of the productive unit concerned, based on the formula 1 loom = 40 spindles.

12. *Non-Productive Machinery.*—We recommend that all restrictions on the import and/or installation of non-productive machinery from the U. K. and all other countries in the world should be withdrawn and that such machinery should be permitted to be imported by any person in India for the projects sanctioned in the light of the recommendations contained in this report and/or for any other purpose. For the definition of non-productive machinery see Appendix "D". We do not make any recommendation along the lines of paragraph 11 (a) (i) and (ii) in regard to non-productive machinery excepting that in the case of winding machines other than high speed winding and warping machines and doubling frames which have been defined as non-productive machinery, *vide* Appendix "D" we recommend that the conditions contained in sub-paragraphs (i) and (ii) of paragraph 11 (a) above should be applied.

13. In order to obtain a basis for the location of the proposed new mills and/or extensions contemplated in paragraph 2 above, the Office of the Textile Commissioner has compiled for us certain basic data in the form of statements. In the preparation of these statements, the Office of the Textile Commissioner was instructed by us to make the following assumptions:—

- (a) To take the population of India as 400 millions.
- (b) To assume for purposes of calculation that the production of existing mills in India in the post-war period will be the present figure of 4,800 million yards of mill-made cloth per annum.
- (c) To assume that the handloom production in India will be 1,500 million yards per annum, the figures given in the Report of the Fact Finding Committee (Handloom and Mills) 1942.
- (d) To work out the zone-wise production of handloom cloth in the light of the information contained in the Report of the Fact Finding Committee (Handloom and Mills) 1942.
- (e) To assume that 4.5 yards of handloom cloth equals one lb. of yarn.



(f) To assume, in order to calculate the anticipated production from the new machinery to be installed under the plan, that—

(i) "Fine" means yarn or cloth woven from yarn of counts 40's and above—the average count to be taken as 50's.

(ii) "Coarse" means yarn or cloth woven from yarn of counts below 40's—the average count to be taken as 20's.

(iii) The hours that new plants will be worked will be on average 14½ hours per day for 300 days per annum. The figure of 14½ hours has been taken as it is the average number of hours at present being worked by all mills in India.

(iv) One spindle "fine" will produce 1.75 oz. per 9-hour shift—50's average count.

(v) One spindle "coarse" will produce 6.5 oz. per 9-hour shift—20's average count.

(vi) 45 spindles "fine" will supply one powerloom on fine cloth.

(vii) 32 spindles "coarse" will supply one powerloom on coarse cloth.

(viii) 8 yards of fine mill-made cloth will weigh one lb.

(ix) 4 yards of coarse mill-made cloth will weigh one lb.

*Note.*—On the above assumptions 1.25 million "fine" spindles will produce 63.75 million lbs. of yarn per annum equals 510 million yards of mill-made cloth. 1.5 million "coarse" spindles will produce 297.5 million lbs. of yarn per annum equals 1,190 million yards of mill-made cloth.

(g) To assume that 10 per cent. of the total production will be exported i.e. 10 per cent. of the existing annual mill-production or 480 million yards per annum, 10 per cent. of the existing annual handloom production or 150 million yards per annum, and 10 per cent. of the anticipated new production, or 170 million yards per annum, making the total planned export 800 million yards per annum, leaving 7,200 million yards per annum for internal consumption.

*Note.*—On the above assumptions 18 yards per head per annum—to the nearest quarter yard—will be available for the population of India.

14. *Statement I.*—This statement has been drawn up to show the location of the existing 10,295,445 spindles in the various zones, the zone-wise annual production of mill-made cloth in yards, of each zone and the zone-wise estimated annual production of handloom cloth.

15. *Statement II.*—It must be clearly understood that we make no recommendations regarding restrictions on the quantities of yarn or cloth to be exported by any individual mill or all mills in any deficit zone or surplus area in India. We have merely taken the figure of 10 per cent. as our estimate of the quantities of cloth likely to be exported in total from India as a whole in the immediate post-war period. Purely for purposes of calculation it has been necessary to allocate this 10 per cent. theoretically in the statements. This statement gives details of the existing production for export related to the existing total production of all mills in each zone and it has been assumed that the same ratio is likely to be maintained in the future as far as existing mills are concerned, but as far as new units are concerned, we have assumed (*vide* column eleven of Statement V) that they will export 10 per cent. of their production.

16. *Statement III.*—This statement shows the theoretical combined estimated mill-made and handloom cloth that will be exported from each zone annually based on statement II above.

17. *Statement IV.*—This statement has been drawn up to show the quantities of surplus yarn that are being produced annually at present by all existing mills. It will be seen that the surplus is 503 million lbs. per annum. We are of the opinion that this quantity of surplus yarn is sufficient to provide for the estimated future handloom production and to provide the necessary yarn for other consumers.

*Note.*—The only all India evidence that exists regarding the quantities of cloth produced by handlooms in India is contained in the report of the Fact Finding Committee (Handloom and Mills) 1942. This gives the prewar production of handlooms as 1,500 million yards per annum. This production would require 333 million lbs. of yarn per annum whereas we have planned for a surplus of 503 million lbs. There has been a tendency during the last few years for handlooms to go on to the production of fine goods demanding fine yarn. This demand, however, we consider will be looked after by the fact that in some cases persons desiring to set up new fine mills under the plan will not wish to install looms. When the facts are known after the 30th September 1945—*vide Appendix 'B'*—it will be the time to determine whether it is necessary to restrict in any way the number of looms to be installed in fine or coarse mills to ensure a greater supply of fine and/or coarse yarn for handloom weaver.

18. *Statement V.*—This statement has been drawn up to show:—

(a) The estimated zonal requirements of the civil population in India based on our views as to the yardage that each zone is likely to consume. It will be noticed that we have taken 24.5 yards per head as the anticipated consumption in the Bombay Surplus Area and the Punjab Deficit Zone and that we have assumed that 16.5 yards per head will be taken by the whole of the rest of India.

(b) The annual theoretical deficit in each zone.

19. *Statement VI.*—This statement has been drawn up to show, based on the calculated theoretical deficits in Statement V, the theoretical location of new spindles and looms necessary to meet the deficit in each zone. It must be clearly understood that this is a purely theoretical statement arrived at by calculation of the quantities of cloth likely to be consumed by the estimated population in each zone or surplus area and that it does not take into account the many other equally important factors, i.e. availability of power, cotton, raw-materials, suitable labour, transport facilities, etc., that must also be considered.

20. In considering the best location of new mills based on the theoretical data given in Statement VI, but after taking into account all the other factors mentioned in paragraph 19 above, we have decided that:—

(a) *Bombay Surplus Area.*—Whereas in theory and in principle we are agreed that no further productive capacity should be installed in the Bombay Surplus Area, we recommend that additional spindleage amounting to 152,000 fine spindles should be permitted to be installed in the Bombay Surplus Area in existing mills to enable them to go finer in addition to any extra spindles that may be installed by virtue of our recommendation in paragraph 11 (c) and paragraph 23 (a). There is a well established continuing and increasing demand for finer cloth, and it would obviously be both uneconomic and unfair to prohibit the installation of the necessary number of additional spindles in any mill in the Bombay Surplus Area to permit it to go finer without increasing the weight of yarn produced. We have accordingly made this recommendation as opposed to the "nil" figures shown in columns 4 (a), (b) and (c) of Statement VI.

(b) *Sind Deficit Zone.*—We recommend that new plants totalling 75,000 spindles coarse should be permitted to be installed in the Sind Deficit Zone. This is a slight increase over the theoretical figure of 67,221 spindles shown in column 4 (c) of the Statement VI but the main difference

between the theoretical figure and our recommendation is that we do not recommend that any fine spindles should be installed in the Sind Deficit Zone, as we do not consider that the labour available in the Sind Deficit Zone is likely to be successfully employed in producing fine yarn taking into consideration that no mill, either coarse or fine, has yet produced any yarn in the Sind Deficit Zone. The production of fine yarn can only be successfully undertaken in areas where suitable labour is available.

(c) *Punjab Deficit Zone*.—We recommend that against the theoretical figures in columns 4 (a), (b) and (c) of Statement VI the total spindles to be installed should be 575,000 as opposed to 572,973 and for similar reasons to those given in the case of the Sind Deficit Zone, we recommend that the theoretical fine figure should be reduced from 253,900 spindles to 152,000 spindles and the theoretical coarse figure increased correspondingly from 319,073 to 423,000 spindles. We have also borne in mind that the Punjab Deficit Zone produces suitable cotton for the spinning of counts in the range of 30s to 40s which we have classified as coarse for purposes of this Report. We consider that considerable expansion is both desirable and practicable in this particular range of counts in the Punjab Deficit Zone.

(d) *U. P. Deficit Zone*.—Apart from a slight adjustment for rounding, we recommend that the theoretical figures should apply.

(e) *Bihar Deficit Zone*.—Here we recommend a big reduction from 404,922 spindles to 200,000 in the total number of spindles to be installed. We have made this recommendation after taking into consideration the fact that the Bihar Deficit Zone at present has only 25,049 spindles installed and working. The establishment of a large number of new productive units is obviously indicated in the Bihar Deficit Zone but such new productive units in Provinces where there is not supply of trained labour can only be successfully and economically established by proceeding slowly. Promoters in their own interests under such circumstances will not wish to install a full-scale economic producing unit in the first instance. They will install one or two preparations and after these have been running successfully for a year or two they will then consider ordering out the necessary number of further preparations to bring their spindlage up to economic unit size. Assuming that economic unit size for a coarse mill is 25,000 spindles, the normal procedure will be for the promoter of a new mill in such an area as the Bihar Deficit Zone to install in the first instance two preparations which will not amount to more than six to ten thousand spindles, (varying according to the counts). Bearing these facts in mind, we recommend that, in the immediate post-war period projects totalling 162,000 spindles coarse should be installed in the Bihar Deficit Zone. Bearing in mind the reasons we have already given in the case of the Sind and the Punjab Deficit Zones which apply in our view more or less to the Bihar Deficit Zone we recommend the installation of one fine mill in the Bihar Deficit Zone. We consider that a fine mill of economic size should consist of 38,000 spindles. We wonder whether any promoter will wish to install such a fine mill in the Bihar Deficit Zone and we are somewhat doubtful of the success of such a venture. We would welcome an additional equivalent number of coarse spindles instead of the suggested fine mill. We are also doubtful whether promoters will come forward who are prepared to erect in Bihar Deficit Zone, in the immediate post-war period, mills containing in total 200,000 spindles, and, should this not be the case, we recommend that any short-fall should be added to the Bengal Deficit Zone figures.

(f) *Bengal Deficit Zone*.—Against the theoretical total figure of 622,588 spindles we recommend that 450,000 spindles should be permitted to be installed. This amounts to a 100 per cent. expansion of the industry in the Bengal Deficit Zone. We have cut the figure down for the same reasons, bearing in mind that they do not apply with the same force as we have recorded in the case of the Bihar Deficit Zone. We recommend that out of the 450,000 spindles, 260,000 spindles should be coarse and 190,000 should be fine. 190,000 spindles fine will permit of five fine mills of the 38,000 spindles unit size being installed in the Bengal Deficit Zone.

(g) *Orissa Deficit Zone*.—For identical reasons to those we have advanced in the case of the Bihar Deficit Zone, we recommend that the Orissa Deficit Zone should be permitted to install 150,000 spindles in total against the theoretical figure of 184,055 spindles, and that, out of these, 112,000 spindles should be coarse and 38,000 should be fine. Here again, we consider that if all these spindles are not taken up, any surplus should be passed on to the Bengal Deficit Zone.

(Note.—The Bihar, Bengal, and Orissa Deficit Zones are geographically adjacent. For this reason we have suggested the transfer of any surplus in the spindles allocated over the total number of spindles promoters wish to be installed in the Bihar and Orissa Deficit Zones to the Bengal Deficit Zone).

(h) *C. P. Deficit Zone*.—For exactly the opposite reasons to those we have advanced in the case of the Sind, Punjab, Bihar, Orissa and Bengal Deficit Zones and because there is good supply of trained labour and fine yarn is already being produced in the C. P. Deficit Zone, we recommend an increase in the theoretical total number of spindles to be installed from 115,236 to 150,000 spindles. We consider that out of these 74,000 should be coarse and 76,000 fine. The total expansion recommended is about 40 per cent. of the existing spindles installed.

(i) *South Deficit Zone*.—For exactly the same reasons as we have advanced in the case of C. P. Deficit Zone, we recommend an increase from the theoretical total number of spindles 358,508 to 500,000 spindles out of which 120,000 should be coarse and 380,000 fine.

(j) *Rajputana Deficit Zone*.—For similar reasons to those advanced in the case of the C. P. and South Deficit Zones we recommend that the total number of spindles installed should be increased from 43,352 to 150,000 spindles out of which 74,000 should be coarse and 76,000 fine.

(Note.—We appreciate that our recommendations above alter the theoretical figures given in Column 12 of Statement V and that in turn this will mean that the theoretical figures in Column 10 of Statement V will correspondingly not be obtained. The difference however in the quantities of cloth available in the Deficit Zones and the Bombay Surplus Area will not be affected materially relative to the total quantities available, except in the case of the Sind Deficit Zone and the Rajputana Deficit Zone, which, if they do install the extra spindles sanctioned under the plan, have ample outlets for their cloth in adjacent districts.)

We further recommend that, should there not be sufficient applications from persons approved in the manner detailed above to absorb the planned expansion in any particular Zone, the surplus should be allocated to applicants from other Zones including the Bombay Surplus Area.

21. The recommendations in paragraph 20 above are summarised in Statement VII attached and are also reproduced in the map attached. Although we have not specifically mentioned it in each and every case detailed above, due regard has also been paid in all cases to the potential available sources of raw-materials, electrical energy, coal, transport and suitable cottons (Indian cotton in the case of coarse count mills and foreign cotton in the case of all fine count mills).

22. We appreciate that Provinces and States will have to be consulted in regard to our plan and we considered asking them to send representatives to attend a Conference convened by us for the purpose. We decided, however, not to take this course, as we felt that it would be better for the Government of India to have before them our complete plan before consultation took place. We feel that the Government of India with our recommendations before them will be in a better position to call such a Conference than either we or they would have been in the absence of any detailed recommendations.

23. We recommend that it should be a condition of every sanction issued by Government to import productive machinery that the person to whom the sanction is granted by Government shall, within six months of the date of the sanction, obtain a letter from the Importer chosen by the person to whom the sanction has been issued stating that an order has been registered with him for the machinery sanctioned and that he (the importer) has been furnished with complete manufacturing details including the full specification of the plant required. Any person who fails to produce such evidence of his intention to carry out the sanctioned scheme shall forfeit his sanction. Government should then proceed to sanction the quantities so forfeited to some other party in the manner described hereafter. Subject to this we recommend that with immediate effect the Government of India should issue orders to the Textile Commissioner and the Chief Controller of Imports to sanction all schemes falling under paragraphs, 10, 11 and 12 and that, thereafter, Government should proceed to take the following action :—

(a) Firstly, to sanction all applications from small spinning mills wherever situated which have less than 25,000 spindles installed in them, providing such mills had commenced working before the 31st March 1941 to permit of such mills expanding up to 25,000 spindles, providing that in no such case shall more than 10,000 spindles be sanctioned for this purpose.

(b) Secondly, to scrutinise all applications, for the import of productive machinery other than spinning machinery from existing mills with a view to sanctioning every case that does not involve an increase in looms or the installation of looms in excess of the spinning productive capacity of any existing unit or new unit sanctioned by virtue of any recommendation in this report other than paragraph 23 (a) above.

(Note.—We recommend that for the purpose of calculating the appropriate number of looms to absorb the spinning capacity of any unit, the following formula should be adopted in this and all subsequent cases ;

45 spindles " fine " = one loom.  
32 spindles " coarse " = one loom.)

(c) Thirdly, to recommend that the Government of India in consultation with the Provincial and/or State Government concerned should proceed to scrutinise and sanction scheme for expansion and/or for new units up to the total number of spindles recommended for each zone after deducting, of course, as a prior charge, all schemes sanctioned—vide paragraph 23 (a) above.

(Note.—(i) We would make it clear that whilst we consider that a prior charge and preference should be given to the cases detailed in paragraph 23 (a) above, we do not intend to preclude such mills including those covered by the proviso being also considered under paragraph 23 (c) above.

(ii) We have, by means of press notes, and the Textile Commissioner has, by means of advertisements in the press and circulars, called on all persons wishing to order new spinning machinery other than that specified in paragraph 11 (a) above to inform him on or before 30th September 1945—see appendix "E" attached. We do not consider that any application received after 30th September 1945, falling under paragraph 23 (a) or (c) above should be considered for a period of at least three years from the date of the report.

(iii) During the period of the three years from the date of this report, cases will arise under which promoters who have received sanction to install new machinery and who have registered their requirements and given full details of the specifications of the Machinery they require to a particular manufacturer's representative, when informed by the manufacturer that he is ready to deliver at a certain price, will decide not to place a firm order for the machinery. As and when such cases, do arise, any surplus should be re-allocated to applicants whose cases were not sanctioned in the first instance.)

(d) Fourthly to scrutinise and sanction all cases involving the import of productive machinery other than spinning machinery the spinning machinery for which has been sanctioned under paragraph 23 (a) above, providing the quantity sanctioned is not in excess relative to the spinning capacity.

(e) Fifthly, after ascertaining the total number of looms sanctioned—*vide* paragraph 23 (b) and (d) above, to deal with any case involving the import of productive machinery other than spinning machinery where no spinning machinery has been or is going to be installed, so that the sum of the looms sanctioned in such cases does not exceed the total number of looms necessary to absorb the total manufacturing capacity of all spinning units sanctioned under the plan.

24. We are of the opinion that the Government of India should direct firms selling all productive machinery to arrange as far as possible, for all orders placed with them to be divided into two categories :—

(a) 66 $\frac{2}{3}$  per cent. for replacement and extension covered by paragraphs 10, 11, and paragraph 23 (a);

(b) 33 $\frac{1}{3}$  per cent. for new projects, covered by paragraph 23 (c).

25. *Standardisation of Spinning Machinery.*—This is a big question that will require more detailed consideration before finality can be said to have been reached. A separate part of our report will deal with this question. It would be as well, however to make it clear here that standardisation can only be applied to new projects and not to existing mills, who may obtain sanction to extend their existing plants.

26. We would again stress that we attach the greatest importance to the recommendations contained in the Chairman's letter dated 6th August 1945, to Government, and we would put on record that we consider the acceptance of these recommendations as essential if the plan is to succeed. A copy of the Chairman's letter is attached—Appendix "F".

27. We wish also to record that our Report should be regarded as a whole and should be accepted as such. The Government of India will appreciate that the recommendations contained in the Report are inter-related and that the Committee cannot accept any responsibility for these recommendations, if they are accepted or rejected piecemeal.

28. The following action is called for by Government on this Report :—

*Paragraph 2.*—Acceptance of an increase of 1.25 million spindles fine and 1.5 million spindles coarse as the immediate target figure.

*Paragraph 3.*—Agreement to the production estimate per annum of 8,000 million yards, 800 million yards for export and 7,200 million yards for internal consumption.

*Paragraphs 4, 5 and 6.*—Acceptance of the recommendations made coupled with the necessary action by Government to implement them.

*Paragraph 7.*—Acceptance of the 18 yards per head per annum as the immediate all India post-war target.

*Paragraph 8.*—Acceptance of the following :—

(a) The Plan must apply to all India, i.e. British Territory and State Territory.

(b) The expansion must be country-wide and not be confined to one or two industrial centres.

(c) The Plan being based on the Zones as defined in the Cotton Cloth Movements Control Order, 1943, it is for the Central, Provincial and State Governments to decide the relative merits of each applicant from the Provinces and States, within each Zone bearing in mind Appendix "C" and paragraph 23.

*Paragraph 9—Import of Secondhand or Reconditioned Machinery.*—Acceptance of the principle coupled with necessary action to implement it.

*Paragraph 10.*—Removal of all import restrictions on the import of productive machinery from countries other than the U. K.

(Note.—We appreciate that until some solution is found of the dollar problem this may not be possible, but we consider that in the interim, no restriction should be placed on the import of productive machinery from countries other than the U. K. in the sterling group and that within the available dollar resources as much productive machinery as possible from countries within the dollar bloc should be permitted to be imported. We would emphasise that we are of the opinion that only very small quantities of suitable productive machinery are likely to be available from any countries other than the U. K. in the immediate post-war period.)

*Paragraph 11 (a).*—(i) The promulgation of a law making it illegal to sell any productive machinery in excess of 15 years of age except after taking the necessary steps to render such machinery incapable of ever being used again except as scrap.

(ii) In all cases falling under paragraph 11 (a) to take the necessary guarantee from the mills concerned before licencing the import of new plant.

*Paragraph 11 (b).*—Acceptance of the recommendations.

*Paragraph 11 (c).*—Acceptance of the provision to permit existing mills to acquire the necessary machinery to balance their plants irrespective of where they are situated in India.

*Paragraph 12.*—Similar action to that called for in paragraph 10.

*Paragraphs 13 to 19.*—Acceptance by Government of the basic data and assumptions contained in paragraph 13 and Statements I to VI.

*Paragraphs 20 and 21—Statement VII and Map.*—Acceptance of the recommendations regarding the allocation of coarse and fine spindles to the Surplus Area and Deficit Zones.

*Paragraph 22.*—Attention is invited to the action suggested in this paragraph regarding consultation with Provinces and States.

*Paragraph 23.*—Immediate issue of the necessary instructions to the Textile Commissioner and the Chief Controller of Imports to sanction all schemes falling under paragraphs 10, 11 and 12.

*Paragraph 23 (a) and (b).*—The issue of the necessary instructions to the Textile Commissioner and the Chief Controller of Imports to sanction all schemes falling under paragraph 23 (a) and (b).

*Paragraph 23 (c).*—After consultation with Provinces and States to scrutinise and sanction all schemes falling under paragraph 23(c) in the manner detailed therein.

*Paragraph 23 (d).*—After taking the action called for under paragraph 23 (c) to proceed to deal with all cases falling under paragraph 23 (d).

*Paragraph 23 (e).*—After dealing with all cases falling under 23 (a) to (d) to deal with all cases falling under paragraph 23 (e) in the manner detailed therein.

*Paragraph 24.*—To issue the necessary request to the representatives of U. K. firms concerned.

*Paragraph 26.*—Acceptance of the recommendations contained in the Chairman's letter dated 6th August 1945 through the Textile Commissioner to Government in the Department of Industries and Civil Supplies namely :—

(a) Government should negotiate through H. M. G. with the Textile Machinery Manufacturers in the U. K. with a view to arriving at a fair and just settlement in regard to the price at which machinery will be supplied to India in the post-war period. To facilitate this the industry should pool all its orders for new machinery. Mr. Kasturbhai Lalbhai should be invited to participate in discussions relating to fixation of prices.

(b) Government should give an assurance that Indian States will conform to this plan relating to post-war expansion of the Textile Industry.

(c) Government should issue an order directing that no plant for textile mills should be permitted to be imported into India without the prior approval of the Textile Commissioner, acting under the advice of the Committee.

*Paragraph 27.*—This report should be regarded as a whole and acceptance should be as such.

29. Finally we wish to place on record our appreciation of valuable assistance at all times rendered to us by the Office of the Textile Commissioner, Government's Honorary Technical Advisers Sir Frederick Stones, Kt., O.B.E., and Mr. J. B. Greaves, C.B.E., and our Secretary, Mr. Nandulal M. Mehta.

Bombay,  
15th November 1945. }

D. M. KHATAU,  
Chairman, Post-war Planning Committee  
(Textiles).



## APPENDIX "A".

## PRESS NOTE ISSUED BY GOVERNMENT ON 17TH MAY 1941.

As a result of representations made to them by the Textile Interests, the Government of India have for some time had under review the possibility of granting a rebate upon exportation of cotton manufactures containing imported cotton, upon which duty has been paid.

As a result of this examination, the Government of India have come to the conclusion that the grant of a rebate is justifiable in principle.

The existing Customs drawback procedure does not, however, provide for the case of goods manufactured from imported materials. Moreover, in view of the present war position, in consequence of which the exports of cotton manufactures have greatly expanded, the immediate grant of the rebate is held not to be necessary and it is proposed to inaugurate the system at the end of the war.

But should the situation alter in such a way as materially to affect India's competitive position, the Government of India would be prepared to introduce rebates at an earlier date.

The Government of India propose to proceed at once to devise, in consultation with the trade interests concerned, a suitable administrative procedure for the purpose.

[This Appendix is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).]

## APPENDIX "B".

Area or zone as defined in the Cotton Cloth Movements Control Order, 1943.	Territorial delineation of area or zone.	No. and date of Government of India Gazette Notification.
Bombay surplus area	... Comprising the Bombay Province, the States of Western India, Baroda States, Gujarat States and the Deccan State.	No. 265-Tex/43, dated 23rd October 1943.
Sind deficit zone	... Comprising the Province of Sind, Baluchistan and Khairpur State.	Do.
Punjab deficit zone	... Comprising the Punjab, the North-West Frontier Province and the Province of Delhi and all State territories situated therein and to the North of the Punjab, and the Punjab States except Khairpur State and Tehri Garhwal.	No. 265-Tex/43 of 23rd October 1943 as amended by No. 101/2-TA/45 of 9th June 1945.
U. P. deficit zone	... Comprising the United Provinces and all State territories situated therein and Tehri Garhwal.	Do.
Bihar deficit zone	... Comprising Bihar Province	No. 265/Tex/43, dated 23rd October 1943, as amended by No. 265(a)-Tex/43, dated 15th April 1944.
Bengal deficit zone	... Comprising Bengal and Assam Provinces and all State territories situated therein.	Do.
Orissa deficit zone	... Comprising Orissa Province, all States situated therein and all States in the Eastern States which lie within the Central Provinces.	No. 265-Tex/43, dated 23rd October 1943.
C. P. deficit zone	... Comprising the Central Provinces, Berar, all States situated therein and those States of Central India, States Agency that lie between the Central Provinces and the United Provinces.	Do.

Area or zone as defined in the Cotton Cloth Movements Control Order, 1943.	Territorial delineation of area or zone.	No. and date of Government of India Gazette Notification.
Rajputana deficit zone ...	Comprising Ajmer Merwara and all States situated in Rajputana including Gwalior State and those States of the Central India Agency that are adjacent to Bombay Province and to the west of the Central Provinces and the United Provinces but excluding those States of the Central India Agency that lie between the Central Provinces and United Provinces.	No. 265-Tex/43, dated 23rd October 1943.
South deficit zone ...	Comprising Mysore, Travancore, Coorg and Cochin States, the Madras Province, Hyderabad State and all Provincial territory and States territory situated therein excluding that portion of Sholapur district in which Barsi is situated.	Do.

[This Appendix is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).]

#### APPENDIX "C".

Broad Economic Principles which it is suggested should be followed in connection with the allocation of new mills to promoters in the various Provinces and States.

1. There is considerable difference in the type of labour required for operating fine mills as opposed to coarse mills, and care must be taken to see that fine mills are not sanctioned in areas which are not suitable from the points of view of provision of the necessary labour.

2. The cotton textile industry is a highly technical industry, and other things being equal, promoters with previous successful experience in the running of textile mills should be preferred.

[This Appendix is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).]

#### APPENDIX "D".

"Productive Machinery" has been defined by the Committee as:

- (a) All Spinning Machinery up to and including the ring frames.
- (b) All looms.

("Non-Productive Machinery" has been defined as all other machinery to be installed or installed in a Textile Mill which does not fall within the definition of "Productive Machinery" detailed above.

[This Appendix is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).]

## APPENDIX "E".

Statement detailing advertisements and circulars that have already been issued by the Department of Industries and Civil Supplies, New Delhi, and the Chairman, Post-War Planning Committee (Textiles), Bombay, for the information of all persons interested in acquiring new textile machinery.

I. Advertisement issued by the Department of Industries and Civil Supplies, New Delhi :—

*Text of Advertisement.*

*Applications for Textile Machinery.*—In order to permit equal consideration being given to all applications persons interested in the expansion of existing textile mills or in the erection of new mills should submit their applications, in the form prescribed by the Chief Controller of Imports for Registration of Post-War Imports of Capital Goods to the Textile Commissioner not later than 30th September 1945. Applications that have already been made to the Chief Controller of Imports or the Textile Commissioner will also be considered after the 30th September 1945, along with the applications that may be received by the Textile Commissioner up to that date. Persons who have already applied therefore need not apply again.

Published in the following papers on the dates shown against them—

Names of papers.	Dates of publication.
Times of India, Bombay	... } August 1945, 20th, 24th, 27th and 31st and September
Bombay Chronicle, Bombay	... } 1945, 3rd and 7th.
Commerce, Bombay	... August 1945, 25th and September 1945, 1st and 8th.
Hindu, Madras	... August 1945, 22nd, 25th and 28th and September 1945, 1st, 4th and 8th.
Madras Mail, Madras	... }
Statesman, Calcutta	... }
A. B. Patriki, Calcutta	... } August 1945, 21st, 25th and 28th and September 1945, 1st
Hindustan Standard, Calcutta	... } 4th and 8th.
Morning News, Calcutta	... }
Capital, Calcutta	... August 1945, 23rd and 30th and September, 1945, 6th.
Indian Finance, Calcutta	... August 1945, 23th and September 1945, 1st and 8th.
Pioneer, Lucknow.	... }
Leader, Allahabad	... } August 1945, 18th, 22nd, 25th and 29th and September
Hindustan Times, New Delhi	... } 1945, 1st and 5th.
Dawn, Delhi	... August 1945, 4, 17th, 21st, 24th, 28th and 31st and September 1945, 4th.
Eastern Economist, New Delhi	... August 1945, 21th and 31st and September 7th.
Tribune, Lahore	... August 1945, 17th, 21st, 24th, 28th and 31st and September 1945, 4th.
C. & M. Gazette, Lahore	... August 1945, 18th, 22nd, 25th and 29th and September 1945, 1st and 5th.
Sind Observer, Karachi	... August 1945, 21st, 25th, and 28th and September 1945, 1st, 4th and 8th.
Hitavada, Nagpur	... August 1945, 20th, 24th, 27th and 31st and September 1945, 3rd and 7th.
Meezam, Hyderabad (Dn.)	... August 1945, 21st, 25th and 28th and September 1945, 1st, 4th and 8th.
Searchlight, Patna	... August 1945, 19th, 23rd, 26th and 30th and September 1945, 2nd and 6th.

II. Press Note issued by the Chairman, Post-War Planning Committee (Textiles), Bombay :—

Name of paper.	Date of issue.	Text of Press Note.
Times of India	... 10th August 1945.	} Mr. D. M. Khatau, Chairman of the Post-War Planning Committee (Textiles), desires to bring to the notice of all cotton textile mills in India and parties who may wish to erect such mills in the post-war period that the Committee have recommended to the Government that imports of second-hand and/or reconditioned textile productive machinery such as blow-room machinery, cards, speed frames, ring frames, doubling frames, winding machines, warping machines, looms, etc., should not be permitted.
Free Press Journal	... 9th August 1945.	
Bombay Chronicle	... Do.	
Vande Mataram	... 10th August 1945.	
Bombay Sunacher	... Do.	

III. The following circular has been despatched, by registered post for acknowledgement by the Chairman, Post-War Planning Committee (Textiles), Bombay, to (a) All existing cotton spinning and weaving mills. (b) All importers of textile machinery :—

Particular attention is invited to paragraph 3, group "D" (b)—

*Subject.*—Registration and Import of Post-War Requirements of Capital Goods for the Cotton Textile Industry.

All applications for registration of capital goods made by cotton mills in India and by parties who may wish to erect such mills in the post-war period to the Chief Controller of Imports in accordance with the press note dated 23rd December 1944 issued by the Department of Commerce, Government of India, are being referred to the Post-War Planning Committee (Textiles) for scrutiny and recommendation. The office of the Textile Commissioner classifies all these applications into six broad groups as under :—

- Group "A" ... Every case of a value under Rs. 25,000.  
 Every case of consumable stores.  
 Every case of spare parts.  
 Every case of non-productive machinery for existing plant.
- Group "B" ... Every case involving applications for spinning machinery for balancing which does not amount to more than a 10 per cent. increase in the existing ring spindles installed in the mill. In this regard as investigation is made as to why any particular mill wants the particular balancing machinery. It will also be ascertained that the plant would be complete in every respect except for the particular machinery applied for.
- Group "C" ... Every case of machinery which is specifically required for replacement purposes, other than those falling under Group "A".
- Group "D" ... Every case involving machinery which amounts in fact to a material expansion of productive machinery, for example, new additional spinning and/or weaving plant for an existing mill and complete plant for a new mill.
- Group "E" ... Border line cases which cannot be classified under the four groups mentioned above.
- Group "F" ... Every case received in reply to the Textile Commissioner's Circular No. PWP/G-6, dated the 5th July 1945 (copy reproduced below).

2. Productive machinery has been defined as all spinning machinery up to and including ring frames and doubling frames and all weaving machinery up to and including looms.

3. The Committee after full consideration to dispose of all applications as under :—

- Group "A" ... All applications which do not also involve the granting of assistance in Groups "B", "C", "D", "E" and/or "F" are generally recommended. A register, however, is being kept in order to prevent repeated applications for the same type of machinery from the same concern.
- Group "B" ... Generally recommended.
- Group "C" ... Generally recommended, subject to the condition laid down in paragraph 4 (ii).
- Group "D" ... (a) Applications from existing mills for productive machinery except spinning frames and looms, e.g. applications for blow room plant, high speed winding and warping machines, etc., are generally recommended.

(b) All applications from existing mills for spinning frames (exceeding 10 per cent.) and looms and all applications for new plant will only be considered, if received before the 30th September 1945.

Group "E" ... Decided on merit  
Group "F" ... To be considered after 30th September 1945.

4. The Committee also desire to bring to the notice of all applicants the following important recommendations made by them to Government:—

(i) No recommendation will be made for the import of secondhand and/or reconditioned productive textile machinery. The Committee have made an exception in favour of reconditioned sizing machines the import of which will be considered.

(ii) Productive machinery which might be replaced by new machinery will not be allowed to be sold or otherwise disposed of without the prior sanction of the Textile Commissioner.

(iii) Not more than 10 per cent. expansion of spindleage or loomage will be considered in surplus areas as defined in the Cotton Cloth Movement Control Order, 1943, subject to the consideration of all cases falling under group "F".

5. The Government of India are being moved to introduce necessary legislation to implement these recommendations of the Committee.

*Circular No. PWP/G-6, dated 5th July 1945 referred to paragraph 1 above.*

*Re.—Requirements of Spindles and Looms for Post-War Expansion.*

The Post-War Planning Committee (Textiles) have recommended that all composite mills which have less than 25,000 spindles and/or 600 looms should be asked whether they wish to expand so as to bring their number of spindles and looms to 25,000 and 600 respectively, which in the opinion of the Committee, is an economic size for a composite spinning and weaving Mill.

Will you please let this Office know at an early date whether you desire to add the necessary spindles and looms to your mill in the Post-War period, so that the Committee may consider your requirements? If so please state the number of spindles and looms required. It may be noted that these spindles and looms are for Post-War expansion and not for replacement.

(This Appendix is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).)

#### APPENDIX "F".

Bombay, 6th August 1945.

From

D. M. Khatau, Esq.,  
Chairman, Post-War Planning Committee (Textiles),  
Bombay;

To

The Secretary to the Government of India,  
Department of Industries and Civil Supplies,  
New Delhi.

Through the Textile Commissioner.

*Subject.—Import of Textile Machinery in the Post-War Period.*

Sir,

At the 5th meeting of the Post-War Planning Committee (Textiles) held on the 20th July 1945, over which I presided, the Committee decided that

I should make a representation to you on the following matters concerning the import of textile machinery in the Post-War period:—

I. *Prices of new Textile Machinery.*—(i) My Committee are much concerned at the high prices which are at present ruling for machinery manufactured in the U. K. required by the Cotton Textile Industry. They are still more concerned at the rising trend of prices for this class of machinery. Prices at present are double to four times the prices ruling during the 10 years prior to the outbreak of the war.

(ii) My Committee have been receiving for consideration and recommendation for import licences, a number of applications for Capital Goods required for the expansion of existing textile mills and for the establishment of new textile mills, and they feel very strongly that they cannot recommend that any machinery should be imported at the present level of prices, particularly as orders for Textile Machinery are being booked by the U. K. manufacturers not at fixed prices but with a stipulation that prices ruling at the time of the shipment will be charged. With the upward trend in price of these capital goods required for the Post-War period it is not possible to forecast with any accuracy, the levels to which prices might advance within the next three or four years, which is the probable time lag before this machinery arrives in India.

(iii) My Committee are strongly of the opinion that the Government of India should open negotiations through His Majesty's Government with the Textile Machinery Manufacturers in the U. K. and they have particularly in mind the manufacturers of the spinning machinery with a view to arriving at a fair and just settlement in regard to the prices at which such machinery will be supplied to India in the Post-War period. If the present policy of allowing individuals to place orders for machinery is allowed to continue my Committee are of the opinion that all expansion schemes will be saddled with financial liabilities which are not only difficult to assess but which can only be considered as most undesirable in the light of the experience of similar enterprises started in the period immediately following the 1914-18 war.

(iv) It is estimated that Textile Machinery manufacturers in the U. K. have on their books sufficient orders from India to fill their productive capacity for at least a year. A temporary suspension of the flow of orders from India, therefore, will not adversely affect either the machinery manufacturers in the U. K. or industry in India.

(v) My Committee are confident that if Industry were to pool all its orders for new machinery it would strengthen the hands of the Government of India in negotiating favourable prices. My Committee urge upon the Government of India the need for early action in this matter, and in order to assist in negotiations, the Committee suggest that Mr. Kasturbhai Lalbhai one of the members of my Committee should be invited by the Government of India to participate in such discussions, as may be arranged. I should be grateful if you would inform me as soon as possible Government's views on this proposal.

II. *Standardisation of Specification of Spinning Machinery.*—My Committee are also of the opinion that it is necessary to standardise within broad limits the specifications of spinning machinery that should be shipped to India and they believe that such standardisation would help appreciably in the matter of the prices to be charged for such machinery by the manufacturers in the U. K. They have instructed me to enquire from you as to whether Government is prepared to take the necessary measures to require all new concerns and/or material extensions to old concerns who may be permitted by Government to order new spinning machinery from U. K. during the

Post-War period to adhere to such standardisation as may be desirable. If the Government accept this proposal my Committee will then pursue the question of standardisation vigorously.

III. *Post-War Planning in the Indian States.*—(i) My Committee feel that unless Government can give them an assurance that Indian States will conform to the master plan it will be exceedingly difficult for them to progress in drafting the plan.

(ii) At previous meetings they have already decided that the plan shall be drafted along broad geographical lines with a view to recommending to Government the number of new spinning and weaving mills which should be permitted to be erected in each Deficit Zone and/or Surplus Area in India as defined in the Cotton Cloth Movements Control Order. If, however, Government cannot give an assurance that any plan that may be drafted on these lines will be enforced by them in British India and in Indian States after it has been approved of by Government my Committee feel that their work is likely to be wasted.

(iii) In this connection your attention is invited to paragraph 13 of the Minutes of the 4th Meeting of the Committee held on 27th and 28th April 1945 which reads as follows :—

“13. *Prevention of import of textile machinery without the full knowledge and approval of the Post-War Planning Committee.*—The Committee unanimously recommended that the Government of India should be approached with a view to issuing an order that no plant to be installed in Cotton Textiles Mills should be registered under the Post-War Capital Goods scheme or permitted to be imported into India unless the prior approval of the Committee and the Textile Commissioner has been obtained. They considered that this order was necessary as they apprehended that there was a likelihood of other authorities unilaterally issuing permission for the import and erection of Mills in Indian States.”

I should be grateful if you would give me an assurance that this course will be pursued in all cases.

I have the honour to be,

Sir,

Your most obedient servant,

(Signed) D. M. KHATAU,  
Chairman, Post-War Planning  
Committee (Textiles).

(This Appendix is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).)

## STATEMENT I.

*Showing spindles installed in India as on 1st January 1945 and production of mill-made and handloom cloth.*

[Compiled for the Post-War Planning Committee (Textiles) by the office of the Textile Commissioner.]

Area or Zone as defined in the Cotton Cloth Movements Control Order, 1943.	Spindles installed as on 1st January 1945.	Mill-made cloth produced during the year ending 1945.	Estimated handloom cloth produced per annum based on the report of the Fact Finding Committee (Handloom and Mills), 1942.	Total of Columns 3 and 4.
1	2	3	4	5
		Millions of yards.	Millions of yards.	Millions of yards.
1. Bombay Surplus Area ... ..	5,941,164	3,513	134	3,447
2. Sind (including Baluchistan) Deficit Zone ... ..	2,216	.....	5	5
3. Punjab (including Delhi) Deficit Zone ... ..	224,023	157	184	341
4. U. P. Deficit Zone ... ..	773,288	340	147	487
5. Bihar Deficit Zone ... ..	25,040	12	56	68
6. Bengal (including Assam) Deficit Zone ... ..	480,924	220	189	409
7. Orissa Deficit Zone ... ..	.....	.....	35	35
8. C. P. Deficit Zone ... ..	374,030	120	80	200
9. South Deficit Zone ... ..	1,955,538	299	666	965
10. Rajputana Deficit Zone ... ..	519,222	339	4	343
Total ...	10,295,445	4,800	1,500	6,300

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*Note.*—The production figures in Column 3 above have been arrived by scaling up the actual production of 4,658 million yards to 4,800 million yards.

This statement is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).

NANDULAL M. MEHTA,  
*for Textile Commissioner.*



## STATEMENT II.

*Showing the actual quantities and percentages of export cloth produced and the theoretical (see note below) estimated quantities of export cloth based on a total export of 480 million yards per annum, i.e., 10 per cent. of existing Mill Production.*

[Compiled for the Post-War Planning Committee (Textiles) by the office of the Textile Commissioner.]

Area or Zone as defined in the Cotton Cloth Movements Control Order, 1948.	Total mill-made Cloth produced Jan.-June 1945.	Export mill-made cloth produced Jan.-June 1945.	Percentage of export to total mill-made cloth.	Estimated mill-made cloth to be exported annually from existing mills.
1	2	3	4	5
	Million yards.	Million yards.		Million yards.
1. Bombay Surplus Area ... ..	1,548	218	14 per cent.	435
2. Sind (including Baluchistan) Deficit Zone ... ..	.....	.....	.....	.....
3. Punjab (including Delhi) Deficit Zone ... ..	75	.....	.....	.....
4. U. P. Deficit Zone ... ..	164	.....	.....	.....
5. Bihar Deficit Zone ... ..	5	.....	.....	.....
6. Bengal (including Assam) Deficit Zone ... ..	105	.....	.....	.....
7. Orissa Deficit Zone ... ..	.....	.....	.....	.....
8. C. P. Deficit Zone ... ..	55	1	2 per cent.	2
9. South Deficit Zone ... ..	145	10	7 per cent.	20
10. Rajputana Deficit Zone ... ..	169	12	7 per cent.	23
Total ... ..	2,266	241	11 per cent.	480

*Note.*—It must be clearly understood that the Committee make no recommendations regarding the restrictions on the quantities of yarn or cloth to be exported by any individual mill or mills in any Deficit Zone or Surplus Area in India. They have estimated that 10 per cent. in total is the quantity of cloth likely to be exported from India as a whole in the Post-war period. Purely for purposes of calculation it has been necessary to allocate this 10 per cent. theoretically in the statements.

This statement is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).

NANDULAL M. MEHTA,  
for Textile Commissioner.

### STATEMENT III.

*Showing total handloom production and total theoretical (see note below) estimated quantities of mill-made and handloom cloth for export.*

Area or Zone as defined in the Cotton Cloth Movements Control Order, 1943.	Estimated Annual Handloom Production based on the Report of the Fact Finding Committee (Handlooms and Mills), 1942.	10 per cent. of column 2 being the estimated annual quantity of handloom cloth produced for export.	Estimated mill-made cloth to be exported annually from existing mills, <i>vide</i> column 5 of Statement II.	Estimated mill-made cloth to be exported annually from existing mills <i>PLUS</i> handloom estimated exports. (Total of columns 3 and 4).
1	2	3	4	5
	Million of Yards.	Million of Yards.	Million of Yards.	Million of Yards.
1. Bombay Surplus Area ... ..	134	13	495	448
2. Sind (including Baluchistan) Deficit Zone... ..	5	.....	.....	.....
3. Punjab (including Delhi) Deficit Zone ... ..	184	18	.....	18
4. U. P. Deficit Zone ... ..	147	15	.....	15
5. Bihar Deficit Zone ... ..	56	6	.....	6
6. Bengal (including Assam) Deficit Zone ... ..	189	19	.....	19
7. Orissa Deficit Zone ... ..	35	4	.....	4
8. C. P. Deficit Zone ... ..	80	8	2	10
9. South Deficit Zone ... ..	666	67	20	87
10. Rajputana Deficit Zone ... ..	4	.....	23	23
Total ... ..	1,500	150	480	680

*Note.*— It must be clearly understood that the Committee make no recommendations regarding the restriction on the quantities of yarn or cloth to be exported by any individual mill or mills in any Deficit Zone or Surplus Area in India. They have estimated that 10 per cent. in total is the quantity of cloth likely to be exported from India as a whole in the Post-war period. Purely for purposes of calculation it has been necessary to allocate this 10 per cent. theoretically in the statements.

This statement is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).

NANDULAL M. MEHTA,  
for Textile Commissioner.

STATEMENT IV.

*Showing the Total Yarn Production and Consumption by Existing Mills, and the Existing Surplus available for other Consumers.*

[Compiled for the Post-War-Planning Committee (Textiles) by the office of the Textile Commissioner.]

Areas or Zones as defined in the Cotton Cloth Movements Control Order, 1943.	Total quantity of yarn produced in the 12 months ending May 1945.	Estimated annual consumption of yarn by all Mills based on actuals for January to June 1945.	Estimate of surplus yarn available annually.
1	2	3	4
	Thousand of lbs.	Thousand of lbs.	Thousand of lbs.
1. Bombay Surplus Area ... ..	899,742	731,640	168,102
2. Sind (including Baluchistan) Deficit Zone ... ..	253	.....	253
3. Punjab (including Delhi) Deficit Zone ... ..	64,955	54,100	10,855
4. U. P. Deficit Zone ... ..	147,385	91,052	56,333
5. Bihar Deficit Zone ... ..	3,097	2,390	707
6. Bengal (including Assam) Deficit Zone ... ..	55,347	43,054	12,293
7. Orissa Deficit Zone ... ..	.....	.....	.....
8. C. P. Deficit Zone ... ..	67,965	32,988	34,977
9. South Deficit Zone ... ..	294,022	93,794	200,228
10. Rajputana Deficit Zone ... ..	113,396	93,730	19,666
Total ...	1,646,162	1,142,748	503,414

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This statement is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).

NANDULAL M. MEHTA,  
for Textile Commissioner.

## STATEMENT V.

*Showing the Estimated Annual Requirements of Cloth of each Area or Zone and the present available Production for Internal Consumption and balance required for making up the Deficit (including Provision for Export).*

[Compiled for the Post-War Planning Committee (Textiles) by the office of the Textile Commissioner.]

Area or Zone as defined in the Cotton Cloth Movements Control Order, 1943.	2 Population figures scaled up to a total of 400 million based on the 1941 census report.	3 Planned basis of allocation of cloth—yards per head per annum.	4 Estimated annual total requirements of cloth per annum.	5 Estimated cloth that will be available annually for civil consumption produced by existing mills after allowing for export of 480 million yards—vide statement III.	6 Estimated annual production of handloom cloth after allowing for export of 150 million yards.	7 Total of columns 5 and 6, i.e., total cloth available for civil consumption annually from Handlooms and Existing Mills.	8 Annual surplus (+) or Deficit (-) i.e. Difference between Columns 4 and 7.	9 Allocation of surplus to Deficit Zones <i>pro rata</i> to their deficit based on figures in column 8.	10 Net annual Deficit to be met by erection of new units based on difference between Columns 8 and 9.	11 Estimated export cloth to be produced annually in new mills and extensions, i.e., 10 per cent. of their estimated production.	12 Estimated total annual production of new mills and extensions, i.e. Total of Columns 10 and 11.
			Million Yds.	Million Yds.	Million Yds.	Million Yds.	Million Yds.	Million Yds.	Million Yds.	Million Yds.	Million Yds.
1. Bombay Surplus Area ...	34	24.5	830	2,873	121	2,999	+ 2,169	.....	.....	.....	.....
2. Sind (including Baluchistan) Deficit Zone.	6	16.5	99	.....	5	5	- 94	56	38	4	42
3. Punjab (including Delhi) Deficit Zone.	46	24.5	1,100	157	166	323	- 177	450	322	36	253
4. U. P. Deficit Zone ...	58	16.5	955	340	132	472	- 483	285	198	23	220
5. Bihar Deficit Zone ...	37	16.5	610	12	50	62	- 548	320	229	25	253

6. Bengal (including Assam) Deficit Zone.	75	16.5	1,235	230	170	390	-845	495	350	39	389
7. Orissa Deficit Zone	17	16.5	280	.....	31	31	-249	146	103	12	115
8. C. P. Deficit Zone...	21	16.5	346	118	72	190	-155	91	65	7	72
9. South Deficit Zone	83	16.5	1,366	279	599	878	-483	286	202	22	224
10. Rajputana Deficit Zone	23	16.5	379	316	4	320	-59	35	24	3	27
Total ...	400	18	7,200	4,320	1,350	5,670	+2,169	2,169	1,530	170	1,700
							-3,699				
							Nett				
							-1,530				

\*Column 4.—The actual requirements of 400 million people on the basis of allocation made in column 3 come to 7,240 million yards per annum. Necessary adjustments have been made to reduce *pro rata* the figures in column 4 in order to bring the total to 7,200 million yards. The short fall of 40 million yards will probably be accounted for by imports.

Note.—It must be clearly understood that the Committee make no recommendations regarding the restriction on the quantities of yarn or cloth to be exported by any individual mill or mills in any Deficit Zone or Surplus Area in India. They have estimated that 10 per cent. in total is the quantity of cloth likely to be exported from India as a whole in the post war period. Purely for purposes of calculation it has been necessary to allocate this 10 per cent. theoretically in the statement.

This statement is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).

NANDULAL M. MEHTA,  
for Textile Commissioner.

## STATEMENT VI.

*Showing the theoretical zonewise allocation of spindles in planned extensions and/or new mills based on figures in column 12 of Statement 'V'.*

(Compiled for the Post-War Planning Committee (Textiles) by the Office of the Textile Commissioner).

Area or Zone as defined in the Cotton Cloth Movements Control Order, 1943.	Estimated Annual increase in production of Cloth based on 1.25 million fine and 1.5 million coarse additional spindles.			Estimated weight of yarn to be produced by planned new mills and extensions annually.			Estimated total No. of new spindles required.			Estimated total No. of new looms required.		
	Fine.	Coarse.	Total.	Fine.	Coarse.	Total.	Fine.	Coarse.	Total.	Fine.	Coarse.	Total.
1	2 (a)	2 (b)	2 (c)	3 (a)	3 (b)	3 (c)	4 (a)	4 (b)	4 (c)	5 (a)	5 (b)	5 (c)
	Million Yds.	Million Yds.	Million Yds.	Million Lbs.	Million Lbs.	Million Lbs.						
1. Bombay Surplus Area ...	...	...	...	...	...	...	...	...	...	...	...	...
2. Sind (including Baluchistan) Deficit zone.	12.6	29.4	42	1.5750	7.3500	8.9250	29788	37483	67221	662	1170	1832
3. Punjab (including Delhi) Deficit zone.	107.4	250.6	358	13.4250	62.6500	76.0750	253900	319073	572973	5642	9971	15613
4. U. P. Deficit zone ...	66.0	154.0	220	8.2500	38.5000	46.7500	156028	196078	352106	3467	6128	9595
5. Bihar Deficit zone ...	75.9	177.1	253	9.4875	44.2750	53.7625	179432	225490	404922	3933	7 47	11035
6. Bengal (including Assam) Deficit zone.	116.7	272.3	389	14.5875	63.0750	82.6625	275386	346702	622588	6131	10834	16965
7. Orissa Deficit zone ...	34.5	30.5	115	4.3125	20.1250	24.4375	81560	102495	184055	1813	3203	5016
8. C. P. Deficit zone ...	21.6	50.4	72	2.7000	12.6000	15.3000	51065	64171	115226	1135	2005	3140
9. South Deficit zone ...	67.2	156.8	224	8.4000	39.2000	47.6000	158865	199643	358508	3530	6239	9769
10. Rajputana Deficit zone ...	8.1	18.9	27	1.0125	4.7250	5.7375	19150	24202	43352	426	756	1182
Total ...	510	1190	1700	63.7500	297.5000	361.2500	1205674	1515237	2720961	26794	47353	74147

This statement is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).

NANDULAL M. MEHTA,  
for Textile Commissioner.

STATEMENT VII.

Showing the Allotment of 1.25 million fine and 1.5 million coarse spindles to various areas and zones recommended by the Post-War Planning Committee (Textiles) vide Paragraph 19 of the Report, Part I.

Areas or Zones as defined in the Cotton Cloth Movements Control Order, 1943.	Spindles installed on 1st January 1945.	Allotment of New Spindles 1.25 million fine and 1.5 million coarse = 2.75 million.			Calculated Production of cloth from additional spindles in millions of yards.		
		Fine. 3(a)	Coarse 3(b)	Total. 3(c)	Fine. 4(a)	Coarse. 4(b)	Total. 4(c)
1	2						
1. Bombay Surplus Area ... ..	5,941,164	152,000	.....	152,000	64	.....	64
2. Sind (including Baluchistan) Deficit Zone ...	2,216	.....	75,000	75,000	.....	58	58
3. Punjab (including Delhi) Deficit Zone ...	224,023	152,000	423,000	575,000	64	332	396
4. U. P. Deficit Zone ... ..	773,288	152,000	198,000	350,000	64	155	219
5. Bihar Deficit Zone ... ..	25,040	38,000	162,000	200,000	16	127	143
6. Bengal (including Assam) Deficit Zone ...	480,924	190,000	200,000	450,000	80	204	284
7. Orissa Deficit Zone ... ..	.....	38,000	112,000	150,000	16	87	103
8. C. P. Deficit Zone ... ..	374,030	76,000	74,000	150,000	32	58	90
9. South Deficit Zone ... ..	1,955,538	360,000	120,000	500,000	160	94	254
10. Rajputana Deficit Zone ... ..	519,222	76,000	74,000	150,000	32	58	90
Total ... ..	10,295,445	1,254,000	1,498,000	2,752,000	528	1,173	1,701

This statement is an integral part of Part I of the Report of the Post-War Planning Committee (Textiles).