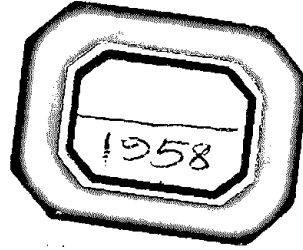


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GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

REPORT
OF THE
TEXTILE ENQUIRY COMMITTEE
1958

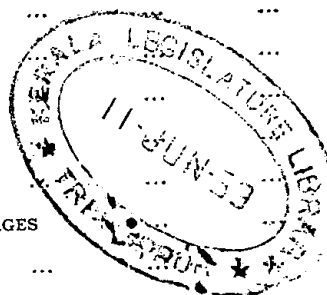
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INTRODUCTORY

Government appointed this Committee on the 29th May 1958 to enquire into the present condition of the Cotton Textile Industry and suggest necessary remedial measures to overcome the difficulties of the industry. The Government Resolution setting up the Committee, its personnel and terms of reference is reproduced below :—

“No. 1(9)-TEX(A)/58.—The Cotton Textile Industry has been for some time past, experiencing difficulties by way of accumulation of yarn and cloth and also by a fall in exports generally. Apart from the relief recently given by reductions and rationalisation of excise duty, Government consider it necessary that an examination of the structure of the industry, with special reference to production, management, finance, modernisation and allied problems, should now be undertaken and have accordingly decided to set up a Committee consisting of the following :—

- | | |
|--|-----------------------|
| 1. SHRI D. S. JOSHI, I. C.S.,
TEXTILE COMMISSIONER. | ... Chairman. |
| 2. PROF. D. G. KARVE | ... Member. |
| 3. SHRI N. MAJUMDER | ... Member. |
| 4. SHRI KANHAIYALAL MEHTA | ... Member. |
| 5. SHRI PADAMPAT SINGHANIA | ... Member. |
| 6. SHRI KRISHNARAJ M. D. THACKERSEY | ... Member. |
| 7. SHRI S. R. VASAVADA | ... Member. |
| 8. SHRI R. VENKATASWAMY NAIDU | ... Member. |
| 9. SHRI K. R. ARAVAMUTHAN | ... Member-Secretary. |

(ii) The Committee will undertake a rapid study of the problems facing the industry with a view to diagnose the causes thereof and to explore and suggest remedial measures. Among other things, the Committee will devote special attention to the present rated capacities and incidence of different elements in the production costs in different parts of the country, problems of finance, modernisation of machinery, efficiency of management and patterns of production.

In the course of its examination, the Committee may also, if necessary, make a re-assessment of the phased requirements of cotton cloth and yarn, both for domestic consumption and export. The Committee will also specially study the causes for the recent decline in export of cloth and suggest appropriate measures to arrest this tendency and to promote and maintain exports. The Committee may also make any other recommendations for the more efficient and economic working of the industry.

(iii) The Committee is requested to submit its Report within a period of six weeks”.

2. Our terms of reference are very wide. At the same time Government asked us to report within a period of six weeks. We have regarded this period as the limiting factor and we, therefore, decided on a procedure suited from this point of view. It could not have been possible within this short time to undertake visits to important centres or take detailed evidence at every centre. We decided, therefore, to call for Memoranda from Associations and Bodies connected with the Textile Industry and also called a few representatives to meet us in Bombay for further elucidation. We did, however, depute two members each to Kanpur and Indore to make a more intensive study of these centres. These centres had been specifically referred to at the Tripartite Labour Conference held at Naini Tal in May 1958 and they also offered an opportunity of examination of factors affecting centres of industry in the interior.
3. There have been Committees appointed in the recent past to enquire into the Cotton Textile Industry. The Working Party under the Chairmanship of Shri A. Ramaswamy Mudaliar appointed in 1950 reported in April 1952. Later, the Textile Enquiry Committee under the Chairmanship of Shri Nityananda Kanungo was appointed in November 1952 which reported in September 1954. These bodies have collected valuable information with regard to the industry and already made recommendations of far reaching importance. We have also availed ourselves of the extensive statistical and other material which was already available with the Textile Commissioner's organisation.
4. Within the limit of available time, we have necessarily had to leave out detailed examination of many points which could not be completed. We have also made our report brief. We held our first meeting for preliminary discussion on the 5th June and held subsequent sessions from 12th to 14th June and 23rd to 27th June when we heard representatives of the industry, trade and labour and finally from the 10th to 15th July 1958.
5. Although our terms of reference extend to the entire Cotton Textile Industry, we have mainly dealt with the textile mill sector, both composite and spinning mills. We did examine important representatives of the handloom industry ; but have not been able to extend our enquiry into the very important powerloom sector. We have, therefore, not been able to deal with the handloom and powerloom sectors except on some issues which were of immediate importance in relation to textile mill industry.

CHAPTER II

DIFFICULTIES OF THE INDUSTRY

A—Difficulties faced

6. One of the important terms of reference to the Committee was to make a rapid study of the problems facing the industry with a view to diagnose the causes thereof and difficulties faced by the industry by way of accumulation of yarn and cloth and also by a fall in exports generally, and to explore and suggest remedial measures. In the evidence collected by the Committee, both in written memoranda and orally by responsible spokesmen of the Industry and Trade, several factors were adduced as having contributed to the malady faced by some of the sections of the industry. Some of these causes are stated to be deep-rooted requiring long term and permanent remedial measures, while other causes are such that they can be remedied by executive actions such as by relaxing certain provisions of the Cotton Textiles (Control) Order, giving greater facilities for improving the final appearance of cloth or by adjusting the fiscal levies. The causes which are deep-rooted refer to the need for replacement of out-dated machinery, rationalisation, modernisation, major repairs and overhauls, rectification of inefficiency in management, purchases and sales etc., as also improving productivity of labour.

7. Some of the Chambers of Commerce have drawn attention to the trade channel getting weaker in the recent years thereby affecting the smooth flow of cloth from the production to the consumer end. It has also been explained that there has been a general recession in prices of cloth in the main producing countries including U.S.A. and U.K. resulting in accumulation of stocks. Decline in purchasing power, increase in cost structure of the industry, high taxation and over production of certain varieties of coarse cloth, were also cited as the contributing factors. The steep increase in excise duty in September 1956, the additional measures taken for controlling the prices by wide publication of fair prices for certain varieties, the credit squeeze imposed by Banks under instructions from the Reserve Bank of India were also stated as additional factors. It may be mentioned in this connection that both the handlooms and the spinning mills were facing more or less a similar difficult situation simultaneously. The difficulties, therefore, were more or less common in the three sectors although excise duty or publication of prices etc., did not affect either the handlooms or the yarn producing mills. Considering that ultimately it is the consumer who has to play the main role in stimulating demand, there is no doubt that there has been a consumer's resistance or a slackness in the consumer's demand for cloth to an extent that was not anticipated. So far as the purchasing power of the consumer is concerned, it has been made out by responsible spokesmen of both the Industry and Trade that better and finer type of cloth would still be sold in larger quantities. In the later portions of this Report we are dealing with these factors in some detail.

B—Analysis of Imbalance of Production and Consumption of Cloth and Yarn.

8. In Statements Nos. II, III and V, the information on the trends of cloth production by categories and varieties during the recent years is

given. There has been a significant increase in the production of "Coarse varieties, particularly of Dhoties and Sarees." For instance, from a bare 9 million yards in 1955 the Dhoty production in Coarse had increased to 172 million yards in 1957. In Sarees, it has gone up from 2 million yards in 1955 to 200 million yards in 1957. It has been represented to the Committee that in view of the difficulty in finding a sale at reasonable prices the industry in some of the centres had to switch on to cheaper varieties and this move was not so much guided by the actual demand in the market, but by the enforced necessity of keeping up production and maintaining employment, as closure would have resulted in further losses on account of payment of retrenchment compensation and gratuity to labour. Many of the important Trade and other Associations had drawn the pointed attention of the Committee about the marked imbalance in the pattern of production *vis-a-vis* consumer requirements. The following factors are stated to have contributed to this imbalance:—

- (1) Consumers' preference for finer varieties of cotton textiles;
- (2) a tendency on the part of some of the less efficient mills to imitate better quality goods manufactured by the more efficient units without having the basic equipment in technical and managerial efficiency and the resources to produce upto the standard;
- (3) the manufacture of varieties without any consideration to the marketability and quality but in anticipation of greater profits; and
- (4) lowering of quality by using fewer picks to get higher production and secure the benefit of rebate of 6 pies per sq. yard allowed by Government, for production in excess of the normal production, from September 1956. (This was withdrawn from January 1958).

On the quality of production it was almost unanimously pointed out by the Trade and Industry that the consumer preference has gone for finer and processed goods. Production however of coarse varieties continued to grow although stocks continued to accumulate in larger quantities.

9. The Committee considers that every unit of industry should produce varieties which can be manufactured by them efficiently with the equipment and facilities available in that unit.

10. Specialization of products in each of the units should help to maintain and improve the quality and at the same time result in economy in production cost. The present imbalance which, in the opinion of the Committee, is the cumulative result of several factors explained above has undermined the economy of the marginal and less efficient units of the industry. At the same time, in view of the marked preference of the consumer for better quality goods, the cloth would require to be processed for better finish quite apart from the necessity for improvement in the quality of the basic grey cloth. This points out to the necessity for allowing processing facilities to the necessary extent. The Committee has discussed elsewhere the question of additional printing quota for the uneconomic mills.

11. In regard to yarn, Statement No. I gives the trend of production of yarn. Apart from the consumption in composite mills the consumption of yarn in the country is mainly by the decentralised sector of the industry namely the handlooms, hosiery and miscellaneous producers. Quite a large portion of the additional requirements of cloth in the country estimated by the authorities on the basis of 18.5 yards *per capita* consumption has been allocated to the handloom industry. As against the production of about 1500 million yards in 1955, the handloom industry according to the Second Five Year Plan is to be geared up for an additional production of 1000 million yards out of which 700 million yards will be from the mill-made yarn. This would mean that additional 2.5 yards *per capita* out of the 18.5 yards would come from the handloom industry and to the extent to which this falls short, the *per capita* availability of cloth in the country will be affected. Primarily, therefore, the expansion in the textile industry is on the spinning side to feed the handlooms. The stagnation reported in the mill cloth Industry and Trade is explained to be present even in the handloom cloth notwithstanding the aids in several directions offered by the Government to stimulate the production and consumption of handloom cloth. The spinning sector of the industry caters not directly to the consumers of cloth but to the handloom industry and therefore faces a position of difficulty which is interlinked with the vicissitudes of the handloom cloth production and sale. To the extent to which the off-take of yarn by the mills gets impeded it creates a problem to the spinning sector of the industry.

12. Statements Nos. I and X give the trend of production of yarn and the unsold stock of yarn with the mills respectively.

13. Out of about a lakh of bales of yarn supplied per month to the decentralised sector about 45 per cent is supplied by the composite mills as spare or free yarn while the remaining 55 per cent is made available by the spinning mills.

C—Wage and Dearness Allowance

14. The wages of the workers in the Textile Industry vary from centre to centre for the different categories of work. Generally, it is accepted that the rates for Bombay and Ahmedabad are higher than those ruling at upcountry centres like Indore, Nagpur, Calcutta, etc. Similarly, the D. F. A. which usually depends on the working class cost of living index vary from place to place and from month to month. In this case too, the rates are generally higher for Bombay and Ahmedabad than elsewhere. The various Employers' Associations in their written memoranda and also in their oral representations before us, made pointed reference to the increasing incidence of wage costs in the total cost structure of cloth and yarn. Their contention was that so long as the Industry was passing through a comparatively prosperous period, it could bear this additional burden but in the present distressed condition in the market with demand markedly below supply, with stocks accumulated and prices falling, there has been an all round lowering of earnings. In several cases the profits of earlier years have been turned into losses. The industry is, thus, not in a position today to bear the burden of high wages without serious

and even irreparable damage. A downward revision of wages and especially the D. F. A. has been sought by the industry in general. Indeed, we were informed that in some centres like Sholapur, the seriousness of the situation was realised by the labour and by mutual agreement, reduction was effected in the rates of D. F. A. to the extent of 33-1/3 per cent. The Bombay Millowners Association has also taken initial steps under the provisions of the relevant Act, seeking a similar revision in the D. F. A. rate applicable for Bombay area.

15. The labour's point of view is that while the gross earnings of operatives might have registered an increase because of progressive rises in the rates of D. F. A. as of increase in the cost of living index, translated as a percentage of the total cost, there has not been any significant variation in the labour costs. There is also a claim that the productivity of labour has progressively risen to not only offset any increase on account of the expenditure incurred per operative, but it has actually left a margin of saving to the Industry.

16. We have not made a detailed study of this problem. The Government of India have already set up a Wage Board consisting of Members from the industry and labour as well as experts to go into this question in all its aspects. We, therefore, feel that the conflicting claims of the interested parties should best be left to the judgment of this body.

17. In addition to claiming refixation of the rates of D. F. A. at a lower level, the Indian Cotton Mills Federation also represented that the Committee should recommend to Government that

(a) the provisions of the Industrial Disputes Act relating to payment of retrenchment compensation be suitably amended so as to provide relief to mills which are in financial difficulties;

(b) the provisions of the Industrial Disputes Act relating to the payment of retrenchment compensation to workers in addition to gratuity be also suitably amended so as to obviate mills having to make double payment for retrenchment, and

(c) the proposal for enhancement of the Provident Fund contribution from 6½ per cent to 8½ per cent and the employers' special contribution under the Employees State Insurance Scheme from 1½ per cent to 4¾ per cent be kept in abeyance.

The Committee, however, feels that these aspects will also be borne in mind by the Wage Board and should be best left for the latter's consideration. It has therefore, decided to make no recommendation in this regard.

CHAPTER III

DEMAND FOR CLOTH AND RATED CAPACITY

A.—Demand for Cloth

18. The *per capita* consumption of cloth measured on the availability during the year 1939-40 was 15.75 yards. The subsequent variations in the *per capita* availability year to year from 1948 were as under :—

	Yards.		Yards.
1948	... 15.1	1953	... 15.0
1949	... 13.9	1954	... 15.0
1950	... 9.7	1955	... 15.8
1951	... 11.7	1956	... 16.5
1952	... 14.4	1957	... 16.8

Under the Plan, the total *per capita* consumption is expected to reach 18.5 yards in 1960-61. The availability during the year 1957 was 16.8 yards *per capita*. This was made up mainly of mill cloth production of 5317 million yards, handloom 1643 million yards, powerloom 303 million yards and import about 12 million yards, less export of 795 million yards. Analysing this figure, the *per capita* availability of cloth on a population of 385 millions by the three important sectors in 1955 and 1957 was as under :—

		1955	1957
Population (Million)	...	377	385
Production (Million Yards)			
(a) Mill	...	5094	5317
(b) Handlooms	...	1480	1643
(c) Powerlooms	...	273	303
Imports	...	6	12
Exports	...	873	795
Total availability	...	<u>5980</u>	<u>6480</u>
<i>Per capita availability (Yards)</i>			
Mill	...	11.2	11.7
Handlooms	...	3.9	4.3
Powerlooms	...	0.7	0.8
Total <i>per capita</i>	...	<u>15.8</u>	<u>16.8</u>

In other words, taking the mill sector separately, the *per capita* availability was 11.2 yards in 1955 which increased to 11.7 yards in 1957. Relatively a substantial contribution to the increase in *per capita* has been made by the handloom sector which is to contribute almost to the entire extent to the increase in *per capita* consumption of cloth at the

end of the Plan. A shortfall in exports adds to the larger availability of cloth for internal consumption. But this should be viewed in the context of the progress made by the handloom sector in relation to the increase in production of about 1000 million yards allotted to that sector. The position about mill cloth before and after September 1956 presented different pictures. Before 1956 there was an increase in prices, larger off-takes, dwindling stocks, which unmistakably represented an inflationary condition. The somewhat drastic measures adopted in September 1956 would seem to have set the pattern in the contrary direction. In the opinion of the Committee neither of these factors is a healthy feature either for the industry or the country's economy.

19. In the context of developmental economy with greater expenditure on the various developmental schemes, *prima facie* the money available with the public at large should have increased. It should, in the normal course, have resulted in a larger purchasing power *inter alia* for cloth which, on general assumption, should take a higher priority among the various essential needs of man. The increase in the excise duty in September 1956 was designed to achieve certain definite objectives and to inhibit consumption until an improvement in the supply position was brought about and to mop up profits accruing to the Industry and Trade. This was the picture then visualised in the circumstances then existed. Relatively larger stocks with the mills accompanied by reduction in the ex-mill prices would indicate stagnation in demand. The question then arises as to whether this position would subsist as a long term phenomenon or is only to be for a short term. It has to be generally held that in an under-developed country like India, an increase in the *per capita* consumption of food and cloth must be regarded as an outward manifestation of the improvement in the consumers' standard of living. To a certain extent the subsequent set-back in the demand for cloth must have been due to a rise in the prices of food articles, which would adversely affect demand for non-food articles. There is, however, no detailed information available as to the extent to which this tendency is counter-balanced by an increase in the rural demand caused by a rise in the prices of good grains. Looking ahead, to the period upto March, 1961 which is the end of the Second Plan and assuming normal resources, there is no reason to suppose that demand will not keep pace with the increase in national income. But when we compare the *per capita* consumption of cloth even in pre-war periods when it was as much as 15.7 yards a rise of barely about one yard to 16.8 in 1957 should be considered a modest rise. Since the economic development is not at the rate envisaged in the Second Five Year Plan, we do not anticipate that the *per capita* consumption will exceed 17.5 yards. This would mean that the three sectors of the Textile Industry would have to supply for internal consumption 7000 million yards only by the end of the Second Five Year Plan. This would again mean that the allocation to the handloom sector which was to produce the entire additional requirement may have to be pruned down correspondingly to reach only 2100 million yards against the present total of 1600 million yards. The Committee notes that the handlooms off-take of yarn has increased only by the equivalent of about 150 million yards so far. On the whole

therefore, the Committee does not visualise any serious upset in the production in the organised mill sector just because of the recent slackness in demand for cloth. As already explained in this report, it is the imbalance in the pattern that has contributed to an extent to the stagnation of cloth stocks with the mills. This imbalance in all likelihood would largely be corrected by the revision of the excise duty and the withdrawal of rebate for excess production. The mills should, therefore, find no special incentive to increased production at the expense of quality or by going coarser. Already, during the current year production for the six months is round about an average of 413 million yards per month, which would mean that the textile mill industry will produce just about 5000 million yards in 1958. The consensus of opinion expressed before the Committee both by the representatives of the Industry and Trade is that under the normal pattern of production, the rated capacity of the industry could be put roughly at about 5100 million to 5200 million yards. In this context, therefore, it does not appear that mill production will be running at too high a figure. If, however, due to unforeseen circumstances the position deteriorates in future, it is necessary to adjust production in the different sectors by revising the allocation for each sector. Without any conscious regulation in the normal course of events, weaker mills would close down in an emergency; but assuming as we do that the difficult periods facing the industry would be of short duration and assuming also that the weaker units are not such as would in any case have to be closed down, it will be necessary to adopt special measures for regulating production. The emergent situation may arise by a steep shortfall in exports which would augment the availability of cloth in the internal market or if for some other reason, the availability of cloth is considerably in excess of the demand, the regulation of production can be achieved by adopting one or more of the following methods:-

(1) planned curtailment of shift working.

(2) planned regulation by adopting method of percentage closures of spindles and looms and

(3) enforced paid leave for 15 days.

20. Planned curtailment of shifts or percentage closures unless accompanied by the provision that labour would not have to be paid in full for such curtailed working may entail that production would be at unremunerative levels. There are also difficulties with regard to closure of an entire unit for 15 days or prescribed period, such period being considered as paid leave of the workers. Conditions in respect of the various alternatives would vary in different areas and we suggest the adoption of the methods most practicable and feasible in the circumstances of each area. We would like, however, to emphasise again that we do not envisage that in the near future, there would be need for regulating production of cloth by composite mills in this manner.

B.—Rated Capacity of the Industry

21. The installed capacity of the industry from time to time is given in Statement No. I. Mills produce different varieties of cloth and work

their spindles and looms on full three shifts or single or double shifts according to their production programme, demand etc. There is also an unavoidable stoppage of percentage of spindles and looms for overhaul, maintenance and repairs. Working of third shift is generally not so efficient as the first and second shifts. In the Plan, the capacity of the industry so far as the weaving side is concerned is restricted to their actual installation at the commencement of the Plan. The upsurge in demand for cloth in 1956 coupled with subsequent rebate allowed for extra production resulted in the quantitative production of cloth exceeding 5300 million yards in 1956 and again in 1957. The quantitative production measured in yards is somewhat deceptive unless it is expressed in terms of a common basic structure of production. Essentially, it is the number of picks (weft threads) per inch which guides the yardage of production for a stipulated period of working of looms other things remaining the same. Lowering of picks for the same type of cloth results in lowering the quality and also durability. Some emphasis was laid by the trade's representatives on this factor as having resulted in unwanted or unsaleable cloth lying with the mills. In this context the total annual production of 5300 million yards would be an exaggerated index of the capacity of the industry to produce cloth. The withdrawal in January 1958 of the inducement for quantitatively higher production of cloth by way of rebate allowed in September 1956 has had the effect of reversing the trend of cloth production which, noticeably is veering round to more or less normal pattern. On this basis the rated capacity of the industry can be fixed at 5100 to 5200 million yards. Statements Nos. I and VI give the production trend and the mill shift working in recent years.

22. An analysis of installed capacity of spindles is given below as on 1st January of each year:—

1955	...	11.96 millions.
1956	...	12.05 millions.
1957	...	12.49 millions.
1958	...	13.03 millions.

23. The capacity is bound to increase when all the outstanding licensed spindles of 1.5 million are installed. This would then amount to the supply of yarn to the decentralised sector of over 1,20,000 hales per month. The capacity will be further increased if all the spindles are put on the third shift as well. The Plan envisages the supply of yarn to the handloom sector to the equivalent of 2200 million yards of cloth. The additional spindles necessary for the additional supply of 700 million yards of cloth over the 1955 figure of 1500 million yards have already been licensed. The Committee would also observe that in the context of the present conditions in the cloth trade including the handloom cloth trade, the off-take from the handloom might not increase at as rapid a pace as was visualised at the time of planning. At any rate the installation of spindles has proceeded at faster pace than the consumption of handloom cloth to meet the expected increase in demand from the handloom sector.

24. There is, at present a sizable surplus of yarn available for exports without injury to the handloom industry. The representatives of the handloom industry also agreed that the surplus yarn may be exported. The Committee considers that such export is a healthy expedient to uninterrupted production of yarn and would, therefore, strongly recommend a longterm policy for export of yarn as any *ad hoc* upswing in demand can always be made by pushing spindles on additional shifts. The Committee has noted that Government have recently announced a policy for the next three years of export to the extent of performance during 1958 by exporting mills plus an additional 1.2 lakhs bales.

25. The Committee recommends that further installation of spindles even already licenced should be stopped. This may be done by examining each case of outstanding licences with a view to finding out whether commitments have been made to an extent where cancellation of the licence would create handicap to the individual unit.

In paragraphs 48 and 49 of this Report the Committee has dealt with the question of surplus yarn available at present in the country. The Committee has also recommended that the Textile Commissioner may be armed with powers to regulate the production of free yarn both by the spinning mills and composite mills. The Committee has also suggested that in the exercise of such powers the Textile Commissioner may ensure that ordinarily a supply of one month's assessed requirements of the handloom and powerloom sectors will be available with the mills and that any direction issued by the Textile Commissioner may ordinarily be effective for periods of three months at a time.

CHAPTER IV

MARKETING AND FINANCE

A.—Marketing

16. The question of marketing of cloth was referred to both by the Industry and Trade in several of their representations. This forms an important field which guides the producers on the changing tastes, and preferences of the consumers. Marketing intelligence or research is an indispensable adjunct. The Committee is aware that there are one or two organisations in the country which have started work in the sphere of market intelligence and research. They however feel that there is a need for a more continuous and sustained study in this field which may be undertaken by the Industry and the Textile Commissioner's organisation; the latter should periodically publish factual information gathered from these studies. Collection of market information of cloth prices at wholesalers', semi-wholesalers' and consumers' ends in different important centres of the country, a co-related statistical information on the stocks from the production to the consumer's end may also advisedly be undertaken on a sampling basis. At present there is no organisation which can throw sufficient and reliable light on what is happening at the consumers' end in regard to the consumption of cloth and price trend. The Committee would, therefore, urge the Government and industry to take steps as early as possible to devise a mechanism for this purpose so that the important gap which exists in the statistical and economic analysis of the production *vis-a-vis* consumption and prices is filled.

B.—Finance for Working Capital, Marketing, Distribution and Trade

27. The working capital required by the textile mills would depend on

- (a) the period of turnover of cloth stocks; and
- (b) the total cost of production for the period of turnover.

The then Indian Tariff Board in their Report on the Cotton yarn and cloth prices (1948) had estimated the working capital requirement at four months' cost of production and they had also stated that this estimate was based on the then prevailing strong demand and supply of cloth. In the normal pattern of cloth trading there are three links comprising first, the wholesaler, the second, the semi-wholesaler and the third, the retailer. Each of these links keeps a certain amount of stock depending on its turnover. So long as these links in the general distribution act effectively, the pressure for additional working capital on the textile mills will be normal. An important role is played by trade in the matter of guiding the industry to produce goods which are in demand with reference to the changes in the pattern of demand in different centres. At the same time it has been brought to the notice of the Committee that some mills have made direct arrangements for the sale of their products right up to the semi-wholesaler or retailer level and have

also opened retail shops in some of the important places. In the Committee's view the main objective should be that the producer obtains as quickly as possible a concurrent appraisal of consumers' demand and their preference for different sorts of cloth so that qualitatively and quantitatively the production should be geared to the demand. With this objective in view contact with the consumers, whether it be through the trade or through their own selling organisations, would be a welcome feature. It has been reported that the stocks with the trade have contracted owing to several reasons and that the trade now buys cloth only in small quantities in view of constant rumours of excise duty revisions. The total stock with the entire trade now is stated to have shrunk considerably. It is clear that the trade pipe line has dried up. To the extent to which stocks with the trade including wholesalers, semi-wholesalers etc. has fallen below the normal, the pressure of stock with the mill increases, thereby increasing the demand for more working capital. The trade channels would require to be replenished. Both the Industry and Trade, therefore, have asked for a larger financial accommodation from banks by the reduction of margins and by increasing the overall limit to cover the processed stocks.

28. It has been uniformly represented that to meet special conditions of the nature in evidence in the recent months banks should give larger accommodation both to the mills and trade by reducing their margins. It was also pointed out that the banks should lend on stores and processed materials. Sales on credits by the mills for a period extending over a month or six weeks are reported to have become almost a normal feature. This would require larger working capital for the mills to cover the cost of the cloth as also the excise duty paid thereon. The trade represented that the magnitude of self-financing has suffered a diminution in the recent years and to a larger and larger extent the trade has also to depend on the borrowing from banks. The question of discounting usance bills was also raised. In the case of upcountry mills which despatch cloth for exports 1½ to 2 months lapse before bills could be discounted. The cloth lies in the godowns at the ports for sometime awaiting shipment. It was, therefore, represented to the Committee that the banks should advance against railway receipts for such cloth which are eventually intended for export. The Committee's view is that there is greater need for bank financing both the Industry and Trade for working capital. Statement No. XVI gives the trend in the bank advances to the Industry and Trade for cotton textiles, which would show that already a considerable expansion has taken place in the accommodation by banks for financing the needs of the Textile Industry and trade for working capital. Advances to the trade are stated to be short of the actual needs. Subject to the normal precautions being taken by the banks in lending money to the Industry and Trade, the Committee would recommend liberal financing by the banks taking into account the above-mentioned factors.

C.—Co-ordination and Development

29. According to the National Plan specific portions of the estimated total production are allocated among the different sectors of the industry.

Availability of raw material and stores on the one hand, and access to markets, internal and external, on the other are necessary conditions for the successful implementation of these programmes. Where special conditions of shortage of supplies exist, and the need for active programmes for developing sales is urgent, the necessary co-ordination and guidance can best be supplied through a Central Organization. This Organization has to be representative of all sections of the industry, and it should be free to undertake all functions included in the process of supply of necessary resources and disposal of produce. While not taking on itself the actual burden of entering fields which are adequately looked after by existing agencies, the Organization will be able to strengthen both the internal and external position of the industry to a considerable extent. We attach great importance to the setting up of this Organization. Government and all the interests concerned should take very early steps to work out the details of this Organization so as to be in keeping with our general objectives and policy.

CHAPTER V

EXCISE DUTY AND HANDLOOM REBATE



A—Excise Duty

30. Excise duties on cloth have been altered from time to time since 1949, as indicated in Statement No. XVIII. In September 1956, Government departed from the usual pattern and the duties were sharply raised in the middle of the financial year. The reason for this was stated to be that the industry was making very large profits which required to be mopped up. As a counter-balance to the rise in duties, a rebate on production in excess of the average of the first 8 months of 1956 was also announced. We have traced the course of production following on this change of duty. In view of the difficult conditions through which the industry was passing, Government thought it necessary to reduce the rates in December 1957, again in the middle of the financial year. The duties underwent a further reduction in March 1958 and subsequent to the appointment of this Committee and its final recommendations in advance of other recommendations, the duties were further reduced early in July 1958.

31. Throughout our examination it was brought home to us that the uncertainty created by the modifications in excise duties in the middle of the financial year unsettled the cloth market to a remarkable extent. It is this uncertainty which has been responsible for the trade holding less than quantities hitherto held by them. This led, in its turn, to mills having to finance a much larger holding of stock of cloth. In addition as conditions worsened, mills had even to give credit to the trade usually to the extent of one month.

32. The statistics we have got all relate to the production or accumulation of stocks at the mill end. There is no precise information available with regard to the stocks held between the mill and the last retail stage of distribution, but the evidence on all sides was overwhelming that the pipeline between the mill and the consumer is now running very dry. In this context, therefore, once the wheels of the industry and trade start moving in the normal manner, one may expect that the accumulated stock will move fairly fast. As a rough observation, one could say that the increase in accumulation of stocks with the mills was not much in excess of the reduction of stocks held by the trade.

33. We have no doubt that the uncertainties consequent on the practice of introducing changes in the excise duties in the middle of the financial year should normally be avoided.

34. Coming to the structure of excise duties, these have been specific except for early short periods before 1953 and that too, with regard to fine and superfine cloth. It has been stated that there are difficulties of administration in levying duties on an *ad valorem* basis. Apart from the difficulty of the Excise Department in arriving at proper valuation of cloth, it was represented to us on behalf of the industry that the delays consequent on disagreement between mills and Excise authorities regarding

valuation are detrimental to the interest of the industry. The overwhelming evidence before us was in favour of changing the pattern of duties to an *ad valorem* basis provided the administrative difficulties could be overcome.

35. Originally the excise duties on coarse and medium cloth were uniform. The position continued till March 1956. From 1st March 1956 a distinction was introduced between coarse Dhories and Sarees and other coarse varieties and all medium varieties. The reduction in duty on Dhories and Sarees was intended to benefit the poorer class of consumers. This distinction between Dhories and Sarees and other varieties was extended to the medium categories of cloth in March 1958.

36. Our enquiries lead us to the conclusion that the distinction between Dhories and Sarees and other varieties has led to somewhat unhealthy changes in the pattern of production. Prior to March 1956, the quantities of coarse Dhories and Sarees produced by mills were negligible. With the differentiation in excise duties production of coarse Dhories and Sarees naturally went up as could be seen from figures of production in Statement No. V. In September 1956, a rebate on extra production was announced as stated before. Since the duty on coarse Dhories and Sarees was revised and the production of these varieties being the easiest, the low duties coupled with the rebate on extra production led to a phenomenal increase in the production of these categories of cloth as stated earlier.

37. The poorer sections of the community not merely wear Dhories and Sarees but also other varieties of cloth. Provided the cloth consumed by them as a whole was made available at reasonable prices there seems to us to be no need to make the distinction in favour of Dhories and Sarees, more so when we have witnessed the abnormal shift in the production of these varieties.

38. We also consider that the present structure of duties weighs more heavily on plain cloth and unprocessed cloth compared to the processed cloth of various descriptions. While, on the one hand, the demand for processed varieties is on the increase, the weight of excise duties on the other falls more heavily proportionately on the unprocessed cloth. This has increased the difficulties of mills, mostly located in the interior, which are not equipped with processing equipment. Both on the grounds of equity and on the grounds of fairness to the mills without processing equipment, it is essential that the pattern of excise duties is changed to provide for a closer approximation to *ad valorem* duties.

39. After a careful examination of the problems we came to the conclusion that the following propositions may be adopted in changing the pattern of excise duties:

(1) The distinction between Dhories and Sarees and other varieties should be abolished.

(2) The difference in the levels of duties of coarse and medium cloth—particularly lower medium cloth—should be small.

(3) Medium cloth should be divided into two categories—Medium A up to average count of 25s and Medium B above average count 25s and up to 35s.

(4) Surcharges should be levied for the processes of (i) bleaching, (ii) dyeing, printing, mercerising or any other chemical processes (iii) shrink resisting process such as sanforizing, and organdie processing.

As less than 10 per cent of fine and superfine cloth is produced in the grey state, and as fine and superfine cloth can bear a high basic rate, it is not necessary to have separate surcharges for (1) bleaching and (2) dyeing, printing, mercerising or other chemical processes. It would be adequate to have high basic rates and a surcharge only for shrink resisting process and organdie process.

40. We recommend that this pattern should be adhered to in broad essentials whenever it is felt necessary to change the levels of excise duties.

41. Since the pattern and weight of excise duties have been a significant factor in the working of mills and since the condition of the industry was such that to maintain desirable levels of production, some incentive should be immediately made available so that a chain of events is started which would bring normalcy to the industry, we made our final recommendations to Government on the 27th June, 1958 in regard to excise and in advance of this report. The recommendations were that the level and structure of excise duties may be modified as follows:

(Figures in nP. per sq. yard)

	Coarse	Medium-A	Medium-B	Fine	Super fine
Grey ...	4	5	6	19	25
Surcharge for bleached ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Surcharge for dyed, printed mercerised or otherwise chemically processed.	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$
Shrink proofed, or organdie processed.	3	3	3	3	3

In order to facilitate clearance of existing stock of Coarse Dhoties and Sarees the excise duty rate of three nP. per sq. yard may be continued on the production packed upto the date of announcement of decision and cleared within three months.

42. We considered carefully the question whether by reason of the imposition of surcharges for processed cloth, there would be a tendency on the part of mills to prefer get their cloth processed outside. We came to the conclusion that, in relation to the costs of processing within their own mills with their own equipment, the surcharge would not act as an inducement to them to send out their cloth for processing outside. We all considered the question whether outside processors should be

made to pay the differential surcharges for processing. We came to the deliberate conclusion, however, that any such surcharge would, apart from unsettling the processing industry, make it difficult for that industry and trade to lift the unprocessed cloth from mills not equipped with processing plant. In the interests of such mills which are located mainly in the interior, we did not think it appropriate to recommend levy of surcharges on outside processors.

B.—*Handloom Cloth Rebate*

43. In making our recommendations with regard to the spinning industry we have assumed that the present policy of Government of affording adequate incentives to the handloom sector will continue. We have recommended for the Textile Mill Industry that no changes should ordinarily be effected in the level of excise duties during the middle of the financial year. Similarly, for the handloom industry the extent of assistance available by way of rebate should be placed on a fairly stable basis and not subjected to fluctuations at short notice. The stability of the rebate system will then enable all persons engaged in the handloom industry as also in a way in the spinning section of the Textile Industry to plan production in an adequate measure. We recommend to the Government that subject to the major policy decisions in this respect and after examining the necessary data, they should announce the measure of assistance by way of rebate on an annual basis as far as possible. The Committee is informed that the All India Handloom Board has already set up a Committee for the purpose of working out the relative competitive position of handloom *vis-a-vis*, other sectors of the Textile Industry. This investigation would help in planning the protection to the handloom industry and assisting them.

44. We would also urge that the positive assistance designed to enhance the efficiency and improving the quality of the products of the handloom sector should be pursued with even greater vigour than at present so that this sector may continue with increasing strength to the Textile Industry as a whole.

CHAPTER VI

COAL, FUEL, ELECTRICITY AND OTHER CHARGES

A.—Coal, Fuel and Power Costs

45. Representatives of the industry raised the question of the high cost of fuel oil consumed by them. Recently Government of India have in agreement with the Oil Companies obtained a reduction of price which has not been passed on to the consumer. The Textile Industry have pressed for this reduction being passed on to them. The Committee feels that there is justification for the request of the industry which consume fuel oil in place of coal and suffer a disadvantage on account of this factor.

B.—Electricity Duty

As regards the electricity power cost, the representatives of the Industry have also drawn the attention of the Committee that the cost per unit varies widely ranging from about six pies in Bombay and Calcutta to 14 pies in Kanpur. The U. P., mills have drawn the attention of the Committee that the power cost in Kanpur is the highest and that, with the nationalisation of the Kanpur Electricity Supply Administration some eleven years ago, the rates have been put up by over 300 per cent. The Madhya Pradesh Mills have also made a similar complaint. The Committee would like to mention that in the context of severe competition between the mills' products which have to be sold throughout the country, any undue increase in the power cost in particular zones causes a handicap to the mills in those zones in finding a market for their products at reasonable rates. The levy of electricity duty and similar measures by State Governments may, therefore, be examined by them taking this factor into consideration with a view to possible readjustment.

C.—Other Levies by State Government

46. Several representations were received to the effect that State Governments have imposed sales tax on raw materials, cotton yarn etc., on the abolition of State levy of sales tax on cotton piece goods by a simultaneous levy of additional excise duty in lieu of sales tax by the Central Government. The whole pattern of excise levy as also the additional excise levy in lieu of sales tax is on a uniform basis applicable to the different units of the industry situated in the several parts of the country. The *inter se* competition for sales of products irrespective of the location of the Textile Industry units is in a wider operative field.

47. Any measure of additional taxation undertaken by a State Government as a consequence of replacement of sales tax by excise would run counter to an expectation of *bona fide* implementation of the principle of replacement.

CHAPTER VII

PRODUCTION CONTROLS AND COSTING

A—Cotton Textiles and Production Control Orders

Under clause 12 of the Cotton Textiles (Control) Order, 1948, it has been made obligatory on the part of the composite mills to supply certain definite quantities of yarn in terms of weight for being made available to what may be called the decentralised sector of the industry consisting of the handloom industry, the powerloom industry, the hosiery industry, etc. In addition the entire production of the spinning mills goes to the decentralised sector. Out of the total of about a lakh of bales of yarn supplied per month to the decentralised sector, roughly 45 per cent is supplied by the composite mills while the remaining 55 per cent is made available by the spinning mills. As mentioned elsewhere in this report, the expansion in the organised sector being mainly on the spinning side the quantity of yarn to be supplied by the spinning mills will increase and eventually the proportion of yarn which will be supplied by composite and the spinning sectors will work to the ratio of 1 : 2. It has been made out that the composite mills' quota of supply of yarn to the decentralised sector could be temporarily relaxed in the context of the present availability of extra supplies of yarn and accumulated stocks. The representative of the handloom industry admitted that today the yarn availability for the industry is surplus to its requirement and, therefore, it had no objection to the export of the surplus yarn. The Committee does not consider the present abatement in the demand which has been brought about by several factors will continue as a long term phenomenon and that when once this temporary phase ceases, handlooms will be in need of larger quantities of yarn. To the extent to which the surplus yarn could be exported, there will be an abatement of the pressure on stocks, but the Committee does recognise that something should be done in order to ease the pressure by adopting some expedient of reducing the production of yarn. One of the methods recommended by The Southern India Mill-owners' Association is the removal of the present statutory obligation of the composite mills to supply a stipulated quantity of yarn and the regulation of supply of yarn by such mills for the intervening period. The spokesman of the Association has also urged on the Committee the need for extending the scope of such regulation to spinning mills also. In the past few months, the industry in the South had been operating under a heavy power cut imposed by the State Government and some measure of restriction has also been achieved on a voluntary basis. With the restoration of power cut, the position would go out of control, unless some measure of compulsory regulation is instituted. The Committee has carefully considered the problem. It is clearly necessary to ensure that there is not too large a surplus of yarn in the country. We considered to what extent export would relieve the position, but export possibilities for yarn are limited in spite of any incentives that may be given. Another possibility would be merely to relax the present requirement on composite mills to supply a certain minimum quantity of yarn. We were

however, informed that such relaxation would not result in any appreciable reduction of the yarn supplies by such mills.

49. It seems, therefore, necessary to regulate the production of free yarn, both by spinning mills and composite mills. We recommend that the Textile Commissioner may be armed with powers for such regulations. We suggest further that in the exercise of such powers, the Textile Commissioner may ensure that ordinarily a supply of one month's assessed requirements of the Handloom and Powerloom Sectors will be available with mills and any directions issued by him may ordinarily be effective for periods of three months at a time. We recommend that the displacement of labour resulting from such regulations should be on the basis of lay-off.

50. In these measures of regulation, waste yarn of count 8s and below should be left out.

51. The Committee also considers that starting of additional third shift by spinning mills should be avoided. Accordingly, we recommend that the Textile Commissioner's powers should include the provision for the refusal of permission to the running any further third shifts in existing mills or third shifts in new mills. This arrangement for not starting further third shifts will also apply to mills with an expansion programme in view and which can absorb the labour of recently started third shifts against the expansion programme.

52. The Committee has examined the question of continuance of some of the provisions relating to production controls. It was represented to the Committee that some of these control orders are now either unnecessary or irksome. The Committee considers that some of these provisions have become obsolete and may be modified and others, while they may continue in existence, their operation could be suspended. The Committee has not been able to go through every single provision and would leave this matter to be considered in detail by the Textile Commissioner. In particular, however, the Committee would make the following recommendations in respect of certain provisions:—

(A) COTTON TEXTILES (CONTROL) ORDER 1948.

Clause 20	...	Relating to restriction regarding production of ready-made clothing should be deleted.
Clause 20 (a) (ii)	...	Relating to use of yarn for manufacture of healds, reeds, spindle tapes, etc., should be deleted.
Clause 20 (c)	...	Relating to restriction on processing of cloth not produced by a producer should be relaxed.
Clause 21 (i)	...	Relating to the limitations about quantity of cloth to be packed in each bale should be deleted.

- Clause 21 (3) ... Relating to the minimum quantity of cloth required to be packed each month in relation to production during the preceding month should be suspended for the time being.
- Clause 22 ... Regarding marking of the month and year of packing on cloth and yarn bales should be deleted.
- Clause 23 (2) (ii) ... Relating to submission of manufacturing particulars and samples of cloth for each variety before effecting sale and delivery should be relaxed and such particulars and samples be obtained once in a month.

(B) NOTIFICATION NO. TCS-I/20, DATED 22ND SEPTEMBER 1949.

Schedule (ii) relating to the counts of warp and weft and the maximum difference between reeds and picks in wearable cloth should be suitably modified to allow a wider range of counts of yarn and a wider variation in reeds and picks in the cloth produced.

B.—Printing Quota

53. In the context of the unmistakable shift in the pattern of consumer demand for cloth of improved quality and in processed condition rather than grey goods of cheaper quality, the Committee is of the opinion that the industry will have to go in increasingly for the production of bleached, dyed, printed and finished cloth to suit the consumers' taste. There are at present no restrictions on the organised sector of the mill industry so far as the production of any kind of processed fabrics other than prints is concerned. The position is, however, somewhat different in the case of the production of printed cloth. We understand that Government have imposed certain restrictions on printing of cloth by the mill industry as a measure of protection to the hand-printing industry. Mills who had in the past produced printed fabrics, have been allotted quotas equivalent to their production of those varieties of cloth during a certain basic period. It is not possible for them to produce any excess of these quotas or for other mills, who had never produced printed goods in the past, to undertake printing.

54. The Employers' Organisations have represented to us that the restriction should be removed and that mills should be free to produce printed cloth according to the demand in the market without let or hindrance. The need for such relaxation is felt more by mills in the upcountry centres who have either no printing quota at present or whose quotas are rather small. The Committee was informed that taking the industry as a whole,

the total quota for printed cloth is somewhat larger than what has been effectively utilised by the mills by their performance in this regard. The industry's point of view is that the type of printing turned out by the hand-printing industry is of a specialised nature and cannot be reproduced by the mill industry by machine-printing. It is recommended that Government should examine this question in the light of the requirement of the needy mills and fix suitable printing quotas for them.

C.—Cost of Production

55. In the terms of reference we were requested to devote special attention *inter alia* to the incidence of different elements in the production costs in different parts of the country, for the textile industry. During the short time at our disposal, it was not possible to undertake this work which would necessarily have involved a detailed examination of production costs of important varieties of cloth and yarn in representative mills in the country. We did receive information from some of the Mill-owners' Associations and Labour Associations giving the trend of wages, stores and other items relating to the Textile Industry. Data is still awaited from other centres. We have, therefore, left it to the Textile Commissioner to further process this aspect of the terms of reference to the Committee. We would also recommend that costing analysis by spot investigation for selected units of the industry should be made at least half yearly. It is not our intention that every mill should be cost-investigated.

D.—Standard Costing in the Textile Industry

56. The *inter se* levels of efficiency in different mills are largely reflected by the variations in the cost of production. The Committee realises that in the background of the set up of the industry in different areas of the country having different locational advantages and disadvantages, there are bound to be differences in the cost of production from mill to mill and centre to centre. At the same time, it has been observed that mills of almost the same capacity located in the same area differ very much in their performance and economic working. In such cases, the obvious conclusion would be that the factors relating to management, purchase policy, technical efficiency, productivity of labour etc., cause the variations. The Committee considers that it is high time that a uniform or standard costing system should be introduced in the Textile Industry with variations as may be considered necessary in particular areas or centres, so that a somewhat uniform yardstick for measuring the relative efficiency could be devised. The objective should be the giving of timely warning to the affected units so that remedial measures could be taken after going into the causes for setbacks. The Committee would urge on the Government the necessity for having adequate personnel and organisation under the Textile Commissioner for the purpose of advising the industry generally on the methods of cost analysis etc.

CHAPTER VIII

EXPORT PROMOTION

57. The different exporting associations and exporters including the Textile Industry have made several suggestions to the Committee for promoting exports. For facility of reference extracts from the self-contained memorandum received from the Cotton Textiles Export Promotion Council is appended as Annexure 'A'. The Committee have examined the various suggestions and would make the following recommendations:—

(i) 5 per cent of the Foreign Exchange earnings of each mill either by direct export or through exporters may be made available to that mill for utilisation for purposes of importing plant and equipments and dyes and chemicals and allowing this concession for a period of five years;

(ii) rail freight rates should be revised to facilitate export of cloth from the textile mills situated in the upcountry areas to port towns and transport priority afforded;

(iii) processing concerns should be placed on par with the composite mills;

(iv) mills may be allowed to produce varieties like lungies, handkerchiefs, etc. for export to those countries where the import of handloom lungies, handkerchiefs, etc. are banned;

(v) ceiling for the export of particular varieties of cloth such as pull-through-cloth, mesh cloth, etc. should be removed; and

(vi) income-tax concessions may be given to mills exporting cloth on lines similar to concessions granted in other countries.

58. The Cotton Textiles Export Promotion Council have also made certain other suggestions which can be remedied by executive action, such as removal of the difficulties experienced in preparing independent challans for shipping of cotton textiles, simplification of the procedure for the refund of excise duty, drawing in duty-free samples, etc. The Committee would suggest that in the paramount necessity of promoting exports, the procedural formalities should be simplified and lightened to the absolute minimum.

59. The Committee would also suggest that gradually we should aim at a compulsory inspection of all cloth for export and this should be achieved within a period not exceeding three years.

60. The suggestion made by the Export Promotion Council in regard to the levy of income-tax for buyers of Indian origin in places like Singapore, Mombasa and other places would require to be examined by the appropriate authorities. The Committee would strongly urge that larger funds should be made available to the Cotton Textiles Export Promotion Council to open offices in other countries so that the demand in those countries could be properly assessed and stimulated.

61. It has been suggested to us with great force that exports cannot be maintained even at their present level and will continue to fall steeply unless we export cloth produced on automatic looms. The reason stated is that the preference in the markets abroad is definitely for flaw-less cloth which can be produced only on automatic looms and other countries including Japan and China have equipped themselves extensively with automatic looms. Admitting the force of this contention, it may be stated that the demand from certain areas for our exports must necessarily be for cloth produced on automatic looms. Moreover with adequate quality standards in the other sections of a mill, even plain looms efficiently maintained and worked can produce cloth which is saleable in export markets.

62. Nevertheless there is no doubt that with the trend of international demand on the one hand and the position in other competing countries, our mills in due course can equip themselves with a larger number of automatic looms.

63. The present scheme of Government for the provision of such automatic looms is that extra automatic looms to a total of 18,000 may be installed by mills subject to main conditions :

- (1) that the entire production of such looms is exported, and
- (2) at least 87½ per cent of the exports during any of the three years 1953, 1954, and 1955 at the choice of the mill concerned is maintained.

In the context of increasing competition in the international field and the difficulties through which the mill industry is passing, the response to the present scheme has been extremely inadequate and it is anticipated that it may not function effectively hereafter. We have, therefore, very carefully considered what system may be adopted for the introduction of more automatic looms in the textile mill sector. This subject has been engaging the attention of both the management and labour for some years. There has been consistent opposition from labour particularly for the introduction of automatic looms as they are higher capital intensive and mean a substantial reduction in the labour employed. Also from the labour's point of view, the danger is not so much the immediate one as the future lurking one of reduced employment of a much larger quantity. Even on the basis of an average of 16 automatic looms per worker, the persons employed including ancillary workers, etc., comes to about 3 per 16 looms while ordinarily this ratio would be 8. On the one hand, labour has already accepted the need for one worker looking after 4 ordinary looms, on the other, the number of automatic looms which may be worked by a labourer is also increasing. The margin of reduction of labour employed on looms would be roughly of the order of between 25 and 30 per 100 looms. It has been accepted by management that additional automatic looms will be introduced without departing from the general formula for introducing rationalisation including the condition that there should be no actual displacement of present labour. We have noticed, however, that as in other forms of rationalisation of the industry including modernisation,

labour have been progressively responsive and we have no doubt that in the field of introduction of automatic looms also, they would respond well. We hope they do so in the immediate future in the interest of maintaining and promoting our export trade.

64. We are quite clear that for some time at any rate, the introduction of automatic looms should be related strictly to the export sector. The entire production of any such automatic looms should, therefore, be required to be exported. Some effective sanction will have to be devised for enforcing the condition in respect of mills which would not whole heartedly co-operate in the working of the scheme.

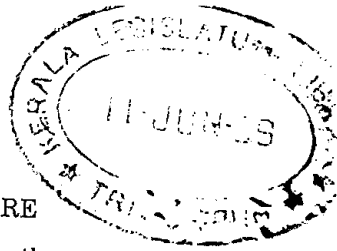
65. One approach to the introduction of automatic looms which would have a larger support from labour is that the automatic looms to be introduced for the purpose of export trade should be additional to the existing number. Such installation should be freed from the stipulation requiring at least 87-1/2 per cent of the past exports from the production of existing looms to be maintained. Consequently if automatic looms are added to the existing number of looms and since there will be no guarantee of exports of the cloth produced by other looms, the condition that the product of the new automatic looms shall be entirely exported, will mean that there would be some reduction in the exports of cloth produced from the existing looms. This again will mean that to a considerable proportion, the volume of production of the newly installed automatic looms will be indirectly added to the cloth available for internal consumption.

66. In the context of our analysis regarding the anticipated internal demand of cloth, there would be a great risk under this type of introduction of additional automatic looms of introducing great instability in internal market which should naturally be avoided.

67. We are informed that even if automatic looms are allowed to be installed as additions to the existing loomage, the number of looms that would be so installed by mills would not exceed about 3,000 per year, as the resources available for this purpose are limited. To that extent, the risk of additional volume of production coming into the internal market would be small. We, therefore, recommend that as an experimental measure, upto 3,000 additional automatic looms should be allowed to be installed, on condition that the entire production of such looms is exported. There should be no condition regarding guaranteed exports in relation to past performance of such mills. There is the question of securing the co-operation of labour in the larger context of the needs of the country for promotion of exports. Although the need for equipping the industry is urgent, the progress of development in this direction is bound to be slow taking into account the availability of resources for such investment. We trust, therefore, that efforts will be intensified by all concerned towards smoothening the process of introducing automatic looms in the country.

CHAPTER IX

TEXTILE MILLS' CLOSURE



68. The problem of a number of textile mills in the country remaining closed at present has gained considerable attention for some time past. At the end of May 1958, altogether 28 mills remained closed out of which 11 mills are spinning and the remaining 17 composite units. The total number of spindles and looms thus affected is 0.5 million spindles and 9,000 looms. Statement No. XI gives the relative information on the number of mills which remained closed from time to time since 1951. It will be seen from the Statement that even in the past years a good number of mills remained closed for one reason or the other. For instance at the beginning of 1955, there were 25 mills which remained closed involving 0.46 million spindles and 8,321 looms. The analysis given in the Statement would also show that from year to year a number of closed mills had reopened while new mills closed. There have been also cases where the same mills faced intermittent closures and reopenings.

69. The reasons for the closure are not always the same in the case of all the mills. The Textile Commissioner's organisation has taken some steps to study the problem of closures of mills. It has been brought to the notice of the Committee that a specialised team has been set up in the office of the Textile Commissioner with experienced and qualified technicians as well as persons with Costing and Financial equipment to conduct a detailed survey into the working of the mills. Many of the closed mills have already been surveyed by this organisation. Invariably, the main reasons for the closure, according to the findings of this specialised Wing, seem to be bad condition of the machinery in many cases neglected continuously without proper attendance and repairs and replacements. Inefficient management has also been one of the main reasons for this state of affairs. Government had appointed Special Committees under the provisions of the Industries (Development and Regulation) Act, 1951, to conduct investigations into the affairs of some of these concerns. These investigations have brought out instances of omission and commission on the part of the management. The possibility of many of the mills reopening at all is remote considering the extremely poor condition of the mill machinery and equipment. Some of these concerns would require to be liquidated.

Q. It is difficult to have a common remedy for enabling the closed mills to reopen. While each case will have to be investigated on its merits, the Committee would recommend adoption of the following measures as may be suited to each case :—

(i) Mills which have outmoded and obsolete machinery and are, therefore, intrinsically incapable of going into production should be scrapped and a new licence issued for starting a new mill at or about the same locality.

(ii) Mills which for *bona fide* reasons are in financial difficulties should be helped by financial assistance through proper channels.

(iii) Mills temporarily closed due to working losses should be examined one by one and be given proper advice and relief.

(iv) Mills which suffered from mismanagement should be investigated and appropriate action taken to avoid recurrence of mismanagement and to ensure proper management by arrangements suited to each case.

(v) Mills of intrinsically uneconomic size of which there are nine out of the 28 mills remaining closed should be made economic by proper balancing or by amalgamation with some other concerns which can afford to purchase its machinery and plant.

There have also been cases where mill closures have been due to constant litigation and internal disputes.

1. Separately in this Report we have given sufficient suggestions for ensuring efficient management and continuity in the working of mills.

2. The problems relating to the Textile Industry are manifold and this industry is one of the major industries very susceptible to any changes in the economic climate of the country. Most of the requirements of cotton which is the raw material for this industry is grown in India. The requirements of longstaple cottons for finer varieties are met by imports from foreign countries. Cotton forms almost 50 per cent of the total cost of production of cloth. Failure of monsoons results in deterioration both in quality and quantity of Indian cottons. Foreign cotton prices react sometimes very sharply on account of extraneous factors. All these have their repercussions on the production cost and ultimately on the prices at which cloth and yarn can be sold to the consumers. Import restrictions and regulations have their repercussions on the availability and prices of important dyes, chemicals, etc. required by the industry. There are quite a number of problems which raise from time to time and which require speedy action. The Minister for Commerce and Industry recently announced that he would constitute a Cotton Textile Advisory Board with the Minister for Commerce as Chairman. We attach considerable importance to the constitution of the Board which will enable consultation and discussion to take place which will be of help both to the Government and the industry.

3. The Committee would also suggest that there be a continuous study of the factors relating to the Management. Information should be recorded with regard to the trend of supply, finance, labour force, etc. The Committee would also recommend regular survey of textile units particularly with regard to the marginal and sub-marginal units of the Textile Industry. These surveys should no doubt be carried out without undue interference to the day to day working of the mills.

CHAPTER X

RATIONALISATION AND MODERNIZATION

A.—Rationalisation

74. It has been urged on us by the various Employers' Associations both in the memoranda that they had submitted and in the oral evidence given by their representatives that one of the important factors which has contributed towards the high cost of production of cotton textiles is the high labour costs per unit of production. This was particularly emphasised in the case of mofussil mills located in Uttar Pradesh, Madhya Pradesh, Nagpur, etc. In these areas according to the representative associations, the level of employment both in the spinning and in the weaving sections, is much higher than what is obtaining in Bombay and Ahmedabad centres. For instance, the Textile Mills Association of Nagpur represented that in some mills the number of workers employed per 1000 spindles was as high as 23 and even 28 per shift. The productivity of labour was stated to be extremely unsatisfactory as compared to mills situated elsewhere. The necessity for increasing the productivity of labour through a more efficient utilisation of machinery, avoidance of redundant workers and re-deployment of workers with a view to distribution of more rational work load to them, was highlighted in their memorandum. The Madhya Pradesh Millowners Association, Indore, also made similar representation and on the ground of having large surplus labour force on the muster, made a claim for rationalisation so as to bring the work load of the operative, and therefore his productivity to the standard prevailing in other advanced centres. In addition, it was alleged that in Indore organised labour is opposing modernisation so vehemently that in some of the mills new machinery imported from abroad could not be installed.

75. On the other hand, the Madhya Pradesh I. N. T. U. C. has represented that they are not at all opposed to modernisation and rationalisation. In fact, they had already accepted a reduction of labour to the extent of 5,000 since 1948. They even stated that they have no objection to further rationalisation following modernisation on the lines of the model agreement decided upon at the 15th Indian Labour Conference. There are only two mills where new machines are lying uninstalled, but that was because of the mills' recalcitrant attitude towards any mutual settlement of the problem through discussions and consultation with labour.

76. Rationalisation is perhaps one of the most controversial issues concerning industrial relations which has been considered by many expert Committees, both in India and abroad. We also appreciate that the problem of rationalisation in the Textile Industry has to be solved adequately if the industry was to progress and make full use of the results of the technological advancement which research makes available for the industry, as obviously the industry cannot be expected to modernise unless it is allowed to rationalise simultaneously. A number of mills particularly marginal and sub-marginal ones, find themselves in difficult circumstances as soon as the economic condition of the industry suffers the slightest

set back and are prone to close down. These have been found to have a larger labour force than what could be considered normal by average standard. This has been brought to light in many of the reports of the Survey Teams of the Textile Commissioner's organisation who went into the workings of such mills in detail. The condition of plant and equipment in such mills was also observed to be generally far from satisfactory and the need for modernisation by replacement of the dilapidated machines was also great.

77. The term "Rationalisation" has been subjected to many interpretations. The term has been used by us to mean a re-organisation in a unit of the industry which ensures elimination of all wastes and the most scientific utilisation of men, material and machinery. We believe that in this sense, rationalisation cannot obviously be objected to by any body. We have been informed that rationalisation in one form or other has been introduced in the individual units of the industry for the past many years and that the process continues, mostly in an unplanned manner, either with or without the approval of labour. Either the work-load of the operative is increased by the simple expedient of making him attend to a larger number of units, e.g., the number of spindles, without making any change in the machinery itself or, by the installation of modern labour saving machinery in place of old ones which require a larger labour complement and thus effect a reduction in the number of workers without increasing to any great extent, the workload of the operative. When this is done, without the co-operation of labour, it undoubtedly results in strained relations between the labour and management and has even in some cases, led to strikes and breach of industrial peace. The Indian National Textile Workers Federation, Ahmedabad, in its memorandum, made it quite clear that it was not opposed to rationalisation, provided it did not cause unemployment, and the working conditions were such as would not create undue fatigue to workers and adequate share in the gains of rationalisation was ensured to the workers. The Federation was, however, opposed to automation, particularly the introduction of automatic looms in replacement of ordinary looms. So far as the working condition is concerned, it was pointed out that in mills where rationalisation has been objected to by the workers, it was mainly because of the fact that the conditions of work were most unsuitable for any increase in the workload of the operative. Instances have been cited about the poor quality of raw material supplied, the extremely dilapidated condition of the machinery, the inadequate supply of stores and accessories, supply of such articles of unsatisfactory quality, the lack of proper atmospheric condition in the shed, insufficient lighting, the bad lay out, etc., which make it impossible to persuade the workers to take up additional workload. It was submitted that as far as existing machinery is concerned, much of the rationalisation that was possible has already been effected and further rationalisation could only be possible, if the agreement arrived at, at the 15th session of the Indian Labour Conference held on 11/12th July 1957 was observed. This agreement reads as under :—

"It was emphasised and agreed that Government might make arrangements to ensure that measures of rationalisation which did not serve the

real economic interest in the present conditions of the country, might be avoided. This principle and what follows would be applicable even in the case of units which had already taken steps to introduce rationalisation but had not completed the process. The following conditions were accepted as *sine qua non* in any scheme of rationalisation:—

(i) There should be no retrenchment or loss of earning of the existing employees i.e., the existing complement should be maintained, barring causes of natural separation or wastage;

(ii) there should be an equitable share of gains of rationalisation as between the community, the employer and the workers; and

(iii) there should be a proper assessment of workloads by experts mutually agreed upon and also suitable improvements in the working conditions.”

78. From the point of view of the employers, it has been claimed that the conditions agreed to at the 15th session of the Indian Labour Conference, particularly the one relating to reduction of labour being restricted to the extent of natural separation and wastage, would, in the context of the condition of the industry at present, be hardly of much effective benefit to the industry as it would be a long term process and the full benefit of rationalisation would not be derived by the industry now when it is most needed. The units which are already running 2 or more shifts would find it practically impossible to effect large scale rationalisation as workers rendered surplus thereby would not be absorbed in additional shifts. The employers, therefore, claimed that in such cases, quite apart from utilising the vacancies created by natural causes, it should be free to rationalise by retrenching some of the surplus labour, after paying due compensation to them. Unfortunately we have not got reliable figures of wastage in the industry arising out of retirement, disablement, resignation, etc., but we were given to understand that in some of the mofussil centres like Nagpur, the rate of prolonged absenteeism is very high and higher workload could be assigned without any displacement of labour, thus making the progress of rationalisation quicker and smoother. Having regard to the need for ensuring industrial peace and obtaining the fullest co-operation from the workers before introducing rationalisation, either with or without modernisation, we feel that while process of rationalisation, subject to the conditions which have been accepted by the 15th session of the Indian Labour Conference may not be quick enough for some centres where the margin of excess labour is large, considering the average figures of natural wastage at about 15 per cent for the industry as a whole and for some mofussil centres as much as 20 per cent, we consider that this approach would be both proper and helpful.

79. Coming now to the question of implementation of the conditions prerequisite to any scheme of rationalisation and modernisation, we suggest that there should be some machinery to ensure that recalcitrant manufacturers or, for that matter recalcitrant workers, do not abuse the agreement by either introducing rationalisation surreptitiously or by opposing it unreasonably. We suggest that a Rationalisation Sub-Committee

of the main Advisory Committee referred to in para. 89 be set up for the industry as a whole for considering and laying down policies and principles governing rationalisation from time to time: there should be Sub-Committees on regional level working within the frame-work of such principles and dealing with individual schemes of rationalisation within their areas before they are implemented. It is recommended that both the Committees should consist of the representatives of the management, labour and Government with textile technicians to assist the Regional Committees. It would not be necessary for any scheme to come before the Regional Committee if it has already been approved by the representative Labour Unions wherever they exist.

B.—Rehabilitation and Modernisation

80. The working party and other Committees which went into the question of rehabilitation requirement of the industry in the past have all laid the greatest emphasis on the urgent need for rehabilitation of the machinery installed. A large majority of the machines in existence today were installed more than 40 years back and have outlived their usefulness. If they are not replaced at an early date, its effect would be felt as it has been felt in the case of marginal and sub-marginal units in the form of low production, bad quality of products, engagement of large number of workers and high cost of production. The necessity for rehabilitation, therefore, is appreciated on all hands. This is, however, only one aspect of the problem. Tightness of Foreign Exchange, the paucity of funds with most of the units, non-availability of certain essential items of machinery from indigenous sources, etc., however put some restriction on the rate at which rehabilitation could be effectively undertaken. Generally, it is the more affluent units which have necessary funds at their disposal that can and do go in for rehabilitation of their machinery on a fairly large scale.

81. It is not always clear that such renovation is in the national interest. From the employers' side it has been stated that while a more progressive unit might have replaced a fairly new machine by a modern one, it cannot be considered as a national waste since the former machine is not usually scrapped but utilised by some other unit which in turn replaces its antiquated machine. We are of the opinion that every case of replacement will have to be judged on its merits both from the standpoint of the interests of the national economy as well as in the interests of the textile industry.

82. We have been informed that at present there is no machinery which goes into the individual requirement of mills and that mills are free to buy indigenous machinery for replacing the existing ones; imports are allowed on applications from mills without detailed examination as to the nature of their need. There is, however, a Committee for scrutinising the applications for renovation when such renovations are to be effected with the financial assistance of the investment corporations like the National Industrial Development Corporation and Industrial Finance Corporation. For maximising the benefits of rationalisation for the

industry as a whole, there is need for examining the requirement of individual mills for this purpose by an independent body. We, therefore, feel that a small consultative Sub-Committee of the main Advisory Committee referred to in para. 89 should be set up to advise Government on the principles and procedure which should be followed in deciding these applications.

83. As regards the introduction of automatic looms, there is strong opposition by labour and despite the fact that installation of other highly automatic machines like Single Process Blowroom Lines, Super High Draft Ring Frames, Barber Colman Winding and Warping machine, etc. has not been opposed mainly because of the fact that the total displacement of labour in these cases is not of such a magnitude as to create an unpleasant situation, the opposition to automatic looms has been as vehement as ever before. The need for replacement of plain looms by automatic looms upto a limited extent for purposes of export promotion, has been discussed elsewhere. This apart, we feel that any attempt towards automatisisation has to be made only after labour has been won over by a continuous process of education, propaganda and persuasion. We have been informed in the oral evidence of the Indian National Textile Workers' Federation, Ahmedabad, that even for the introduction of automatic looms, the labour would be ready and willing after some time if proper psychology was created. We feel that Government as well as the Trade Unions should create a proper psychological climate within the country and particularly amongst the labour so as to facilitate introduction of automatic looms within a specific period.

CHAPTER XI

MANAGEMENT

84. A complaint has often been made about inefficiency of management of some mills. The Indian National Textile Workers' Federation, Ahmedabad, the Indore Textile Labour Association and other organisations of textile workers were all unanimous in attributing, not to any small extent, the present malady of the industry to the inefficient management by the owners of textile undertakings. Indeed, some of the labour organisations even charged the management of irregular practices and of other acts of omission and commission which directly led to the unsound position of such mills. Various Committees which were appointed by the Government of India in the past to inquire into the affairs of mills which were believed to have been improperly managed, also reported in no uncertain manner about the part played by the management in bringing the condition of the respective units to a state where Government's intervention was unavoidable.

85. What is good management and what is not needs no elaboration. At the time of establishment of a mill, it enjoys the same prospective advantages as any other unit placed in similar circumstances. Given good management, it will fare as well as any other. The fact that in course of time, one finds a mill in up-to-date condition with fairly high productivity per unit, of machines producing yarn and cloth of satisfactory quality at economic costs and selling at a profit and another with plant and machinery in dilapidated condition, with a low productivity and products of low quality making losses, supports the conclusion that quality of management is the single most important factor that makes a difference between success and failure of a textile undertaking. Whereas the essential prerequisite of good management is well-known often it is not followed, and as a result, we still find that a number of marginal and sub-marginal units which are not making the best use of their resources and thereby are causing avoidable losses to the community in general and are creating a situation which leads to closures or threatened closures.

86. The problem of closed mills has been discussed at some length elsewhere. We do not think that it is either necessary or expedient to intervene in all such cases with a view to revitalising or restarting those mills. Mills with antiquated and dilapidated machinery which have been reported by experts as beyond redemption should definitely not be allowed to restart in the same conditions; it would be much better to allow them to be scrapped and to be replaced, if necessary by better equipped units.

87. The surveys undertaken by the Textile Commissioner's organisation into the affairs of the uneconomic mills reveal a certain pattern of management. Generally, the reports indicate that there is continued neglect in regard to maintenance of machinery which brought the productive machinery to a state of dilapidation. With a growing financial weakness of a mill, there is a more pronounced tendency on the part of the management to reduce its expenditure on maintenance. Again, mills with imprudent management dissipate their earnings in the prosperous periods

by paying large dividends to the members in excess of what they should reasonably pay under the Law at the expense of such important considerations as building up of reserve and routine rehabilitation of machinery. Quite apart from the routine maintenance requirements, either chronic inability or negligence to earmark each year and expend at intervals, appropriate sums of money for the purpose of renovation and modernisation has also been observed. The purchase and sales organisations are generally far from satisfactory with the result that either adequate cotton and stores of acceptable quality are not obtained at the right times or they are obtained at comparatively unremunerative costs. The manufacturing programmes are not drawn up with due regard to the vicissitudes of the markets resulting in production of unremunerative sorts of cloth which are ultimately to be sold at less profits or even at loss. Irregular acts on the part of the management are also found to be quite common in the case of these unsound units surveyed by the Textile Commissioner's organisation.

88. Government had, in the past, taken action under the Industries (Development and Regulation) Act, 1951 to institute inquiries into the affairs of mill companies which had closed down, or where Government believed that the management was not operating on a sound basis and there was every likelihood of the situation getting worse and affecting the employment and production situation. These actions, however, have been of an *ad hoc* nature and more often than not, inquiries have been more or less in the nature of a *post-mortem* examination. Not much fruitful results could be expected from them in regard to reviving the mills. The Textile Commissioner's organisation has a special Wing suitably manned with experts, both technical and financial, who are entrusted with the work of examining the working of uneconomic mills. There is, however, no machinery in existence today which would ensure a timely survey of the operations of individual mills, particularly, of mills which have been found to be operating on unsound or inefficient lines over a period of years so that on getting clear indications of a major worsening of the situation, corrective action could be recommended. Even when a closed mill has been restarted after investigation, there is no machinery to ensure that the mill does not get into bad ways again.

89. For these and for other reasons connected with sound and progressive working of the Textile Industry, we feel that an Advisory Committee consisting of all interests and having representatives from all the important textile centres should be set up. This Committee would be available for advising the Textile Commissioner on all important matters affecting the working of the units of the Textile Industry. It would also assist him in examining cases of marginal and sub-marginal mills and in suggesting ways in which suitable remedial measures may be taken. In order that this Advisory Committee could be adequately furnished with up-to-date information about the working of mills, the special Survey Wing in the Textile Commissioner's organisation should be strengthened with adequate staff. It would obtain adequate and current knowledge of the fluctuations in the fortunes of the industry and be forewarned of anticipated difficulties in respect of the industry as a whole or of any unit

of the industry in particular. The Textile Commissioner assisted by the Advisory Committee will then be in a position to come to their assistance with constructive suggestions before the crisis develops into something necessitating more drastic remedies.

90. We are confident that with the help of the advice rendered by the Advisory Committee, many problems could be solved in time and the managements of marginal mills would be helped to improve their organisation. In extreme cases, however, where the management is un-responsive or the weaknesses have taken deeper roots, it would be necessary to invoke the relevant provisions of the Industries (Development and Regulation) Act to not only institute formal inquiries but also to ultimately take over the management of such mills. This may be done either on management basis or on the basis of ownership. We, however, do not feel that it would be advisable for Government to either manage, or own and manage mills taken over under the Act as a Department of Government. We recommend that an autonomous Corporation functioning independently of the Government should be constituted for this purpose with adequate capital. The Board of Management of the Corporation should be so constituted as to attract experienced and public spirited millowners, responsible leaders of labour, technicians and expert managers. We suggest that the details as to the constitution of the Corporation, its powers and responsibilities, its functions and limitations, its relation to Government, its financial structure and working capital, its office and Secretariat arrangements etc. should be considered in detail before decisions are taken. We are firmly of the opinion that Government should give the greatest weight to the advice rendered by the Advisory Committee, not only in regard to proposals of taking over and management of mills, but also to all items which have been placed before it for advice.

91. We are making the above recommendation for the formation of the Corporation with full knowledge of the responsibility which it entails. It is expected that in time to come, mills under the management of the Corporation should be run on model lines so that they may be in a position to offer constructive guidance. As the management is expected to run efficiently in normal conditions, we are firmly of the opinion that the Corporation should not enjoy any discriminatory advantages compared with well run mills under private management. The treatment of labour in the mills managed by the Corporation should also be on lines approved for the rest of the industry. Several investigational bodies have concluded that some of the features of the existing law stand in the way of timely and adequate measures to save marginal units from disaster. We should particularly like to mention in this regard the recommendation of one of the Committees regarding amendment of the Industries (Development & Regulation) Act so as to enable Government to take over the management independently of any winding up petition already filed in a Court. Provision will also have to be made in the relevant Acts to hasten liquidation proceedings in other cases as, otherwise, there is every risk that the proceedings would be of a protracted character rendering productive capacity idle and workers without employment.

CHAPTER XII

CONCLUDING REMARKS

92. We express our gratefulness for the co-operation extended to us by all sectors of industry, trade and labour in submitting detailed and constructive memoranda to us. It would not have been possible for us within the short time available to consider the various aspects of the problems facing the industry without such co-operation.

93. We wish to place on record our appreciation of the valuable services rendered by the Member-Secretary Shri K. R. Aravamuthan. The time available to us being short, the burdens on the Secretary were all the greater which he has borne cheerfully and ably. He and his officers and staff had to analyse the exhaustive material before us and supply us with statistical and other information. We are also aware that the officers and staff of the Textile Commissioner have had to do extremely strenuous work, particularly during our final session in Poona and are grateful to them.

94. We were asked to undertake a rapid study of the problems of the Textile Industry which for some time past has been experiencing considerable difficulties. We were happy to note the awareness on the part of all the interests concerned about the responsibilities which the industry in all the sections has to discharge. We have also noticed a large measure of identity of approach on the part of all interest concerned in tackling the problems of the industry.

95. Our country is well-set on planned, progressive economic development. The demand for cloth must, therefore, inevitably grow. In this total demand the Textile Mill Industry is assured of a steady and major share. The industry is also the best organised among various sectors producing cotton textiles. We have, therefore, no doubt that there is a continued bright future before it.

96. Members of the Committee are drawn partly from different sectors of the industry and partly from other sections of the community. We have tried to approach all the problems in the best interest of the industry and the community, and in a spirit of understanding and accommodation. Our recommendations should be treated as an integrated programme for creating favourable conditions for the industry as a whole, and we hope they will be implemented without delay. We trust our report will assist in the progressive development of the industry so that it may serve the best interests of the consumers and all sections vitally interested in the industry.

97. Our report is unanimous.

(Sd.) D. S. Joshi.

(Sd.) D. G. Karve.

(Sd.) N. Majumder.

(Sd.) Kanhaiyalal Mehta.

(Sd.) Padampat Singhania.

(Sd.) Krishnaraj M. D. Thackersey.

(Sd.) S. R. Vasavada.

(Sd.) R. Venkataswamy Naidu.

(Sd.) K. R. Aravamuthan.

POONA.

Dated the 15th July 1958.

Summary of Conclusions and Recommendations

(1) Several factors were adduced to have contributed to the malady faced by some sections of the industry.

(a) The deep rooted causes refer to the need for the replacement of outdated machinery, rationalisation, modernisation, major repairs and overhauls, rectification of inefficient management purchases and sales as also improvement of productivity of labour (para. 6).

(b) Other causes are—decline in purchasing power, increases in cost structure of the industry, high taxation and over production of certain varieties of coarse cloth. Steep increase in excise duties in September 1956 was also stated as an additional factor (para. 7).

(2) There has been a significant increase in the production of coarse varieties particularly coarse Dhoties and Sarees (para. 8).

(3) The consumers' preference is for better and finer varieties of cotton textiles (para. 8).

(4) The Committee considers that—

(i) Specialisation of products in each unit should help to maintain and improve the quality and at the same time result in economy in production (para. 10).

(ii) In view of consumer preferences for better quality goods processing facilities to the necessary extent should be allowed (para. 10).

(5) The extent to which the anticipated increase in the handloom production falls short, the *per capita* availability of cloth will be affected (para. 11).

(6) The spinning sector caters to the demand of handloom industry and is therefore interlinked with the vicissitudes of the handloom cloth production and sale (para. 11).

(7) The Government of India have already set up a Wage Board consisting of members from the Industry and Labour as well as experts. The Committee feels that questions relating to wage and DFA should be left to the judgment of the Wage Board (para. 16).

(8) Since the economic development is not at the rate envisaged in the Plan, the Committee does not anticipate that the *per capita* consumption will exceed 17.5 yards (para. 19).

(9) It does not appear that mill production will be running at too high a figure. If due to unforeseen circumstances the position deteriorates in future it is necessary to adjust the production in the different sectors revising the allocations for each Sector (para. 19).

(10) The rated capacity of the Industry can be fixed at 5,100 to 5,200 million yards (para. 21).

(11) The spinning capacity is bound to increase when all the outstanding licensed spindles of 1.5 million are installed (para. 23).

- (12) There is at present a sizable surplus of yarn available for export without injury to the handloom industry (para. 24).
- (13) The Committee has noted that Government have recently announced a policy for the next three years as regards the export of yarn to the extent of performance during 1958 by exporting mills plus an additional 1.2 lakh bales (para. 24).
- (14) The Committee recommends that further installation of spindles even already licensed should be stopped after examining each case. The Textile Commissioner should be armed with powers to regulate production of free yarn both by spinning and composite mills (para. 25).
- (15) The question of marketing of cloth forms an important field which guides producers on changing tastes and preferences of consumers. Marketing intelligence or research is an indispensable adjunct. There is a need for more continuous and sustained study in this field which may be undertaken by the Industry and the Textile Commissioner's organisation (para. 26).
- (16) The co-related statistical information about stocks from the production to the consumer's end may also advisedly be undertaken on a sampling basis (para. 26).
- (17) Subject to the normal precautions being taken by banks in lending to the Industry and Trade the Committee would recommend liberal financing by the banks (para. 28).
- (18) The Committee strongly feels that introduction of changes in excise duty in the middle of financial years should normally be avoided. (para. 33).
- (19) The overwhelming evidence before the Committee was in favour of change over of duties to *ad valorem* basis (para. 34).
- (20) The low duties coupled with rebate on extra production led to a phenomenal increase in the production of coarse dhoties and saris. (para. 36).
- (21) The Committee considers that the present structure of duties is weighted more heavily on plain cloth and unprocessed cloth compared to processed cloth of various descriptions. Both on the grounds of equity and on the grounds of fairness to the mills without processing equipment, it is essential that the pattern of excise duty is changed to provide for a closer approximation to *ad valorem* duties (para. 38).
- (22) For the handloom industry the question of assistance available by way of rebate be based on a fairly stable basis. The Government should announce the measures of assistance by way of rebate on an annual basis as far as possible (para. 43).
- (23) The Committee would urge that positive assistance designed to ensure the efficiency and improving the quality of the products of the handloom sector should be pursued with even greater vigour (para. 44).

(24) The Committee considers that any measure of additional taxation by the State Governments consequent on replacement of sales tax by excise duty would run counter to an expectation of *bona fide* replacement. (para. 47).

(25) The Committee considers that some of the provisions of Production Control Order have become obsolete and may be modified and others while they may continue in existence their operations would be suspended. (para. 52).

(26) In the context of the unmistakable shift in the pattern of consumer demand for cloth of improved quality and in processed condition rather than grey goods of cheaper quality, the Committee is of the opinion that the Industry will have to go in increasingly for the production of bleached, dyed, printed and finished cloth to suit the consumers' taste. (para. 53).

(27) It is recommended that Government should examine the granting of printing quotas question in the light of the requirement of the needy mills (para. 54).

(28) The Committee also would recommend costing analysis by spot investigation for a few selected units of the industry at least half yearly. (para. 55).

(29) A uniform or standard costing system should be introduced in the textile industry (para. 56).

(30) The Committee urges that larger funds should be made available to the Cotton Textiles Export Promotion Council to open offices in other countries so that the demand in those countries could be properly assessed and stimulated and recommends certain other measures. (para. 60).

(31) The Committee recommends that as an experimental measure, up to 3,000 additional automatic looms should be allowed to be installed, on condition that the entire production of such looms is exported (para. 67).

(32) The main reasons for closure seem to be bad condition of machinery in many cases neglected continuously without proper attendance and repairs and replacements. Inefficient management has also been one of the main reasons (para. 69).

(33) It is difficult to have a common remedy for enabling the closed mills to reopen. While each case will have to be investigated on its merit the Committee recommends adoption of certain measures (para. 70).

(34) Problem of rationalisation in the textile industry has to be solved adequately if the industry was to progress and make full use of the results of technological advancement (para. 76).

(35) Industry cannot be expected to modernise unless it is allowed to rationalise simultaneously (para. 76).

(36) The Committee has used the term "Rationalisation" to mean reorganisation in an unit of the industry which ensure elimination of all waste and the most scientific utilisation of men, material and machinery

(37) Rationalisation without the co-operation of labour results in strained relations between the labour and the management leading to breach of industrial peace (para. 77).

(38) The Committee feels that having regard to the need for ensuring industrial peace and obtaining the fullest co-operation from the workers, rationalisation with or without modernisation subject to the conditions of the 15th Labour Conference may not be quick enough for some centres where margin of excess labour is large (para. 78).

(39) The Committee suggests setting up a Rationalisation Sub-Committee for the Industry as a whole for considering and laying down policies and principles governing rationalisation from time to time (para. 79).

(40) The Committee also suggests formation of Sub-Committees on a regional level working within the frame work of such principles and dealing with individual schemes of rationalisation within their areas before implementation (para. 79).

(41) In view of the large majority of machines in existence today having outlived their usefulness the need for rehabilitation is urgent. Non-replacement of such machinery would result in low production, bad quality of products, engagements of a large number of workers and high cost of production (para. 80).

(42) The rate at which rehabilitation could be effectively undertaken is limited by availability of foreign exchange, paucity of funds with the mills, non-availability of certain essential items of machinery from indigenous sources etc. (para. 80).

(43) There is at present no adequate machinery which goes into individual requirements of mills for rehabilitation (para. 82).

(44) The Committee feels that a small consultative sub-Committee to advise Government on the principles and procedures to be followed in deciding these applications should be set up (para. 82).

(45) Management is the single most important factor that makes the difference between success and failure of a textile undertaking. (para. 85).

(46) We still find that a number of marginal and sub-marginal units which are not making the best use of their resources and thereby are causing avoidable losses to the community in general are creating a situation which leads to closures or threatened closures (para. 85).

(47) Mills with inadequate and dilapidated machinery which have been reported by experts as beyond redemption should definitely not be allowed to restart in the same condition. It would be better to allow them to be scrapped and to be replaced, if necessary, by better equipped units. (para. 86).

(48) There is no machinery in existence to-day which would ensure a timely survey of the operations of individual mills particularly those found to be operating on unsound financial bases (para. 88).

(49) The Committee feels that an Advisory Committee consisting of all interests and Government representatives from all the important centres should be set up. This Committee should be available for advising the Textile Commissioner on all important matters affecting the working of the units of the textile industry (para. 89).

(50) In order that this Advisory Committee can be adequately furnished with up-to-date information about the working of mills, the Special Survey Wing of the Textile Commissioner's organisation should be strengthened with adequate staff (para. 89).

(51) Where the management is unresponsive, or the weaknesses have taken deeper roots it would be necessary to invoke the relevant provisions of the Industries (Development and Regulation) Act, to not only institute formal enquiries but also ultimately to take over the management of such mills (para. 90).

(52) The Committee does not feel that it would be advisable for Government either to manage or own and manage mills taken over under the Act as a Department of Government. The Committee recommends that an autonomous Corporation functioning independently of the Government should be constituted for this purpose with adequate capital. The Board of Management of the Corporation should be so constituted as to attract experienced and public spirited millowners, responsible leaders of Labour, technicians and expert managers (para. 90).

(53) The Committee is firmly of the opinion that Government should give the greatest weight to the advice rendered by the Advisory Committee not only in regard to proposals of taking over the management of mills but also to all items which have been placed before it for advice. (para. 90).

(54) The Committee is of the opinion that the Corporation should not enjoy any discriminatory advantages compared with well run mills under private management (para. 91).

ANNEXURE A

*Extracts from the Memorandum received from the Cotton Textiles
Export Promotion Council*

Our First Recommendation

The best method we can recommend is that 10 per cent of the foreign exchange earnings of each mill either by direct exports or by sale for export should be reserved for that mill's imports of plant and equipment. Further, this should be declared as a fixed policy for the next five years.

By this means a mill which is prepared to adopt a progressive export trade can arrange with overseas suppliers of machinery to supply large quantities of machinery, immediately, for payment spread over the next five years. For instance, a mill exporting Rs. 1 crore worth of piece-goods per annum could arrange with an overseas machinery manufacturer to supply Rs. 50 lacs worth of machinery which would be paid for out of the 10 per cent retention of foreign exchange which the mill will be allowed over the next five years, at the rate of Rs. 10 lacs per year. Not only would the mill have the advantage of getting this modern, efficient equipment as quickly as possible, but from the country's point of view that mill would be obliged to maintain the rate of the exports at ten times the cost of the machinery which it imports for the next five years. Thus the Government would be assured that even at a sacrifice that mill will have to continue its exports in order not to commit a breach of contract with the machinery supplier.

This point cannot be stressed enough. The Textile Industry earned about Rs. 67 crores of foreign exchange in 1957. The present indications are that in 1958 we will earn about Rs. 40 crores and the downward trend will continue because of competition from modernised industries elsewhere. Therefore, something really effective has to be done unless we want to see our foreign exchange earnings from the Textile Industry rapidly dwindle to less than half. Is 4 to 7 crores a year retention which is to be used for modernisation of the industry to put it on a competitive basis, such a large sum of exchange to set aside for the purpose of trying to retain our foreign exchange earnings? It must not be forgotten that this retention is not free retention to be used for items of imports on which there is greater profit. It is retention for modernisation which helps our industry to retain its competitive position and earn foreign exchange. The Council, therefore, has no hesitation in making this its strongest recommendation.

Our Second Recommendation

Only if Government find this suggestion unacceptable under the present stringent conditions, on the grounds that Government cannot afford to

give away any of the foreign exchange at present earned by textile exporters, then it is suggested that the following alternative be adopted:

1. That 50 per cent of the extra foreign exchange earned over and above the amount earned in any of the three years, 1953, 1954 or 1955, according to the mill's choice, be set aside for the imports of machinery by each mill.

(The years 1953, 1954, 1955 have been chosen as these are the years mentioned in the terms for the grant of 18,000 automatic looms already announced by Government).

By this means Government would not be asked to supply any foreign exchange unless the quantum of exports of one of the three years mentioned has been maintained, and secondly, the Government would be getting for its own use 50 per cent of the extra foreign exchange earned over and above this. Under the present circumstances if no such policy is adopted, the chances are that exports are likely to fall as they are doing at present to a figure of roundabout 500 million yards for 1958-59, and probably to a lower figure for 1959-60. With this special attraction many mills will be tempted to sell at even sacrifice prices but they cannot be expected to do so without getting some advantage in return.

Most important of all, however, is the long term effect on our export trade in cotton textiles, and it cannot be emphasised too strongly that our Textile Industry will not be able to compete in foreign markets unless it is able to re-equip itself with as efficient machinery as its competitors, and to utilise that equipment in the same efficient manner as has been done in other countries. Without it, it would be unrealistic to expect Indian Cotton Textile Industry to play anything but a minor part in the international trade of cotton textiles.

Incentives

Exporters carry on 75 per cent to 80 per cent of the export trade in cotton textiles and as at present there is severe international competition, there are not enough margins for such exporters to carry on a drive for export of cotton textiles. The following incentives are, therefore, suggested as a means of encouraging exporters (under these are included mills who directly export) to take a greater initiative in export of textiles from India :

1. **Allowing exporters to retain a part of the foreign exchange earned by them for the purpose of importing any article they choose within the import licensing policy.**

This incentive does not involve the grant of any new foreign exchange, but allows the exporter to import articles which are allowed under the import policy and within the ceilings fixed under the import policy. It really means the linking of exports with imports and it may also encourage importers of quota items to take an increased interest in the export trade. All that has been suggested is a diversion of imports from quota holders to those who export.

2. Exporters should be given a measure of relief from income-tax, such relief being related to their total business turnover, the total income-tax they have to pay and the increase they have been able to effect in the export of non-quota items.
3. Reducing rail freight from Inland Textile Centres to port towns and giving export goods a high priority of movement.
4. For cloth made from Egyptian cotton a subsidy should be paid in the shape of an equalisation payment based on the raw cotton content of cloth exported, since the Indian manufacturers have to pay a higher price for Egyptian cotton than what his competitors pay for the same cotton in foreign markets.

Japan gets discounts varying from 15 to 20 per cent on prices of Egyptian cotton if paid in Dollars and 10 to 13 per cent in sterling. India pays in Rupees and gets no discount. American exporters of cotton textiles receive a similar subsidy in the shape of an equalisation payment based on the difference between the domestic and export prices of raw cotton content of cloth exported since the American manufacturer has to pay a high price for this cotton than what his competitor pays for the same cotton in the foreign market.

Simplification of procedure, removal of production controls and other obstacles to export.

1. Obviating the inordinate delay in the refund of excise duty and the consequent locking up of capital.
2. Allowing drawal of duty-free samples without recourse to cumbersome excise procedure.
3. Simplification of procedure for refund of excise duty on cloth used in the manufacture of readymade garments, cotton bags, pillow-cases and embroidered cloth and other textile manufactures.
4. Drawback system should be effectively simplified by granting refunds of customs duties on a flat rate basis.
5. Drawback should be admissible not merely on goods manufactured out of imported materials but also on imported goods, processed blended, sorted or packed in India.
6. Flat rate of refund of excise duty, and sales tax, should be applicable to cloth exported using excise duty paid raw materials, semi-processed goods and packing materials.
7. Allowing the purchase of cloth for manufacture of cotton bags, garments and other manufactures for export under bond.

At present this is not allowed, though cloth can be cleared from factories for export without payment of excise duty under bond. The same facility should, therefore, be extended to cotton bags, garments and other cotton manufacturers.

8. Removal of cumbersome procedure which exporters have to undergo at the Export Trade Controller's Office, the Customs and the Excise Department.

The long and tiresome procedure which the exporters have to undergo before exporting a bale of cloth should be simplified as much as possible. For instance, before a bale can be exported, the Shipping Bill has got to pass through 3 different Government departments—the Export Trade Controller's Offices, the Customs, and the Excise Departments. Each shipping bill is submitted in quintuplicate. Two signatures of the exporter and something like 6 signatures of the Government Officers are required on each copy before the bill is accepted and the goods exported.

A Shipping Bill has to be presented to the Export Controller's Office, Customs Office, the Excise Officers in the Docks and the Dock Supervisor, and finally the original is forwarded to the Shipping Company, which in turn forwards it back to the Customs.

The copies are required for statistical purposes by the different offices concerned, and it is difficult to understand why each and every office should have its own statistics when economy in Government administration is the declared policy. From the point of view of the exporter, it means that he has to start preparing the documents at least 10 days before the ship sails. This in turn, means that goods packed within these 10 days cannot be shipped by the same steamer and have to wait for the next sailing. It is bad enough for the shipper to have to store the goods possibly for another month or so and incur carrying and interest charges. Besides this, he also runs the risk of his contract being cancelled for failure to ship the goods in time, and with the present mood of the buyers overseas, one should expect them to take every opportunity that might suit them to cancel the contract for reasons of late delivery.

9. All Government Officials, whether at the Central Government, Local Government or Municipal Level should endeavour to facilitate all exports. This can be done by the issue of a directive to all Departments that wherever possible they should assist in the export of any items of textiles.
10. Earnings by new foreign branches of Indian business houses should be exempted from income-tax during their period of consolidation, say 3 to 5 years.

At present if an exporter wants to open an office overseas, the rules of income-tax are such that he is completely discouraged to do so. One of the recognised modes of increasing exports is by opening branch offices in overseas territories. Therefore, such an incentive to open new foreign branches would go a long way towards facilitating the export of textiles from India.

11. Treating textile processors on the same lines as the processing Departments of composite mills and allowing them to divert processed goods for export or for domestic consumption, at their discretion.
12. Allowing mills to produce any type of fabrics whether reserved for handloom or not, for the purposes of export, without recourse to the Textile Commissioner for permission.
13. Removal of quota systems on items such as pullthrough cloth, mesh cloth and yarn, etc., so that the trade will have the freedom to enter into export commitments without fear of quota ceilings being reached.

The last two are necessary because we are losing a lot of orders because these are prohibited or are under quotas or it is necessary to obtain permission. In the face of international competition orders have to be accepted immediately and even the minimum delay in obtaining permission loses orders to our rivals.

14. Sections 42 and 43 of the Indian Income-tax Act should be liberally interpreted so that only in cases beyond doubt the exporter is being made liable to pay income-tax on the assumed profit of foreign buyers.

The present interpretation of these sections has led to a large number of buyers of Indian origin in places like Singapore, Mombassa and other places, giving up their trade in Indian textiles and have started purchasing from our rivals. These people need to be assured that they will not be penalised if they purchase textiles from India.

Steps for strengthening the Council's Efforts

The Council has been during the last 3½ years carrying on the work of export promotion of cotton textiles in an organised manner. It was so far entitled to receive Rs. 5 lacs per annum from the Cotton Textiles Fund Committee, but has in fact always withdrawn less than the sanctioned amount, but has now come to the stage where the full amount of Rs. 5 lacs is being utilised by the Council and this amount is now a limiting factor in the expansion of the Council's activities. The need for organised export promotion is there, in view of the intensive competition in the foreign markets and the Council thinks that the expansion of activities is a necessity in order to promote the export of cotton textiles. The steps are :

1. In view of the fact that the export of Indian cotton textiles is world-wide, there is urgent need to establish a number of offices in the various textile consuming and producing countries. At present we have only six offices which are functioning creditably. After the visit of the Secretary to Germany and Scandinavia the Council has decided to open an office at Hamburg. The Council is not in a position to expand its activities or open more offices because of acute lack of funds. Also the activities of the present offices are limited because we cannot give them sufficient funds for publicity, carrying on exhibitions, propaganda and market research. If more funds were available we could open offices in other countries, particularly, Australasia, Canada and U. S. A. Carribean markets and North Africa. For opening offices on the present scale in these countries, the cost is likely to be in the neighbourhood of Rs. 1 lac each, but if we are to do increasing propaganda and market research and also include such items as hosiery, larger funds will be required. Also, it may be noted that with every office that is opened overseas or any other increase in the activities overseas, there is a corresponding increase in the activities within India and these require staff and other expenses within India also, as the efforts overseas have to be sustained and followed up within India, otherwise the work overseas is completely nullified.

1. Further funds should therefore be made available to the council. Such funds should not be *ad hoc* but on a long term basis as organised export promotion has to be of a continuous nature.
2. Improving the status of the Council in India and overseas, so that the Council could carry on its work more effectively.

Here we may cite the case of the Japan Export Trade Recovery Organisation which is treated by the Japanese Government on the same footing and given the consular status and attached to the consular organisation. The same holds true of similar organisations of a number of other countries. The Council should be given some status with the internal organisations of Customs, Excise, Railways, Income-Tax, Export Trade Controller's office, local governments, etc., so that their activities and recommendations are effectively followed up and priorities given wherever necessary.

3. The Council should be allowed to import samples of foreign cloth both for the purposes of study and exhibition and for going into complaints. In a similar manner the Council should be allowed to collect exhibits and samples from mills and export them without procedural difficulties.
4. The Council's delegations to foreign countries should be treated on a par with Government of India Delegations.

In conclusion, we may state India can have a fair share of the International trade in cotton textiles only if the Industry is placed in a position to allow it to produce good quality textiles at competitive prices.

**List of Memoranda received from Associations/Chambers of
Commerce and other bodies**

1. Bharat Chamber of Commerce, Calcutta.
2. Textile Mills Association, Nagpur.
3. Indian National Textile Workers Federation, Ahmedabad.
4. Upper India Chamber of Commerce, Kanpur.
5. All India Exporters Association, Bombay.
6. Association of Merchants & Manufacturers of Textile Stores & Machinery, Bombay.
7. Hindustani Merchants and Commission Agents Association Ltd. Bombay.
8. Africa & Overseas Exporters Chamber, Bombay.
9. Federation of Gujerat Mills & Industries, Baroda.
10. Bombay Piece Goods Merchants Mahajan, Bombay.
11. Madhya Pradesh Millowners Association, Indore.
12. Southern India Millowners Association, Coimbatore.
13. Textile Processors Association, Bombay.
14. The Maskati Cloth Market Association, Ahmedabad.
15. Kanpur Kapra Committee, Kanpur.
16. Vidarbha Textile Workers Federation, Nagpur.
17. Rashtriya Mill Mazdoor Sangh, Bombay.
18. Bombay Shareholders Association, Bombay.
19. Indian Cotton Mills Federation, Bombay.
20. Millowners Association, Bombay.
21. Millowners Association, Ahmedabad.
22. The Cotton Textile Export Promotion Council, Bombay.
23. Nag-Vidarbha Chamber of Commerce, Nagpur.
24. Mahratta Chamber of Commerce & Industries, Poona.
25. Saurashtra Millowners Association, Surendranagar.
26. Indian Merchants Chamber, Bombay.
27. Rashtriya Mill Mazdoor Sangh, Amalner.
28. Indore Textile Labour Association, Indore.
29. Madura Ramnad Chamber of Commerce, Madurai.
30. Coimbatore Chamber of Commerce, Coimbatore.

Memoranda from Handloom Sector

1. Shri M. Somappa, President, Yemmiganur Handloom Weavers Co operative Production and Sales Society.
2. Madras State Handloom Weavers Co-operative Society.
3. Shri Nawab Aizaz Razool, Vice-President, U. P. Industrial Co operative Association, Kanpur.
4. Andhra Handloom Weavers Co-operative Society, Vijayawada.
5. Shri A. Banerjee, Member, All India Handloom Board.

Representatives of Associations and other Bodies and Individuals who appeared before the Committee and gave evidence

1. Representatives of Bombay Piecegoods Merchants Mahajan, Bombay.
2. Representatives of Maskati Cloth Market Association, Ahmedabad.
3. Representatives of Ahmedabad Textile Labour Association, Ahmedabad.
4. Representatives of Rashtriya Mill Mazdoor Sangh, Bombay.
5. Chairman of Indian Cotton Mills Federation, Bombay—Shri Kasturbhai Lalbhai.
6. Representatives of Southern India Millowners' Association, Coimbatore.
7. Shri M. Somappa, President, Yemmiganur Weavers' Co-operative Society, Yemmiganur.
8. Shri A. Razool, Uttar Pradesh Industrial Co-operative Association, Kanpur.
9. Representative of the Madras State Handloom Weavers' Co-operative Society Ltd., Madras—Shri Nachimuthu Mudaliar.
10. Representatives of Kanpur Kapra Committee, General-Ganj, Kanpur.
11. Representative of the Indore Textile Labour Association, Indore—(Shri Ramsinghbhai Varma).
12. Shri Ram Ratan Gupta, representing U. P. Cotton Textile Mill-owners.
13. Representatives of Textile Processors' Association, Bombay.
14. Chairman, Hindustani Merchants' Association, Bombay.

Statistical Data

STATEMENT

Summary statement showing number of mills, spindles, looms,

	1948.	1949.	1950.	1951.
1. No. of Mills (as on 1st January of each year)—				
(a) Spinning	88	95	94	103
(b) Composite	268	267	268	275
2. No. of Spindles installed (Million) (as on 1st January of each year).	10.06	10.37	10.55	11.00
3. No. of Looms installed (Lakhs) (as on 1st January of each year).	1.93	1.92	1.91	1.95
4. Production of Yarn (million lbs.).	1148	1359	1174	1304
5. Production of Cloth (million yds.).	4319	3904	3665	4076
6A. Exports (million yds.) ...	308	466	1120	823
6B. Imports (") ...	36	94	7	9
7. Availability of cloth for civil consumption (million yds.)	5279	4911	3478	4238
8. Labour actually engaged (in lakhs)—				
1st shift	N.A.	4.19	4.02	4.16
2nd shift	N.A.	2.43	2.33	2.50
3rd shift	N.A.	0.47	0.40	0.49
TOTAL ... ..	...	7.09	6.75	7.15
9. Cotton consumed (in million bales)—				
Indian	3.3	2.8	2.4	2.7
Foreign	1.0	1.2	1.1	1.1
TOTAL	4.3	4.0	3.5	3.8

Note:—(1) N. A. : Not available.

(2) Availability of cloth given in item 7 includes production

No. I

production, export, employment, cotton consumption, etc. etc.

1952.	1953.	1954.	1955.	1956.	1957.	1958.
107	113	114	116	121	144	175
276	282	286	292	291	292	295
11.25	11.42	11.65	11.96	12.05	12.49	13.03
1.96	1.98	2.02	2.03	2.03	2.01	2.01
1449	1505	1561	1630	1671	1780	554 (Jan. to April).
4599	4878	4993	5094	5307	5317	1641 (Jan. to April).
602	716	956	873	804	795 (Bom. port only).	201 (Jan. to April (Bom. port only)).
5	5	6	6	13	12†	4†
5275	5566	5586	5951	6275	6453†	2123† (Jan.-April).
4.24	4.22	4.15	4.19	4.34	4.39	4.23
2.58	2.58	2.59	2.62	2.77	2.78	2.64
0.59	0.64	0.66	0.77	0.96	0.96	0.85
7.41	7.44	7.40	7.58	8.07	8.13	7.72 (Jan.-April 1958)
3.2	3.8	3.9	4.3	4.4	4.7	1.4
1.0	0.7	0.7	0.6	0.6	0.6	0.2
4.2	4.5	4.6	4.9	5.0	5.3	1.6 (Jan.-April 1958)

† Provisional figures.

in the Mills, Handlooms and Powerloom Sectors.

STATEMENT No. II

Pattern of Cloth Production in the mills 1946 to 1958 (April)

(Figures in '000s of yards)

Year.	Coarse.	Percentage.	Medium.	Percentage.	Fine.	Percentage.	S. Fine.	Percentage.	Total.
1946	925,508	23.12	2,296,152	57.36	520,284	12.99	260,843	6.52	4,002,787*
1947	800,869	21.29	2,061,232	54.78	622,344	16.53	277,529	7.39	3,761,974
1948	795,616	18.42	2,590,784	59.75	602,542	13.95	340,361	7.88	4,319,303
1949	452,068	11.57	2,309,169	59.14	809,240	20.72	333,726	8.56	3,904,203
1950	421,819	11.52	1,781,436	48.60	1,200,453	32.75	261,383	7.12	3,665,091
1951	363,516	8.93	2,080,858	51.04	1,347,946	33.07	283,866	6.96	4,076,186
1952	503,585	10.96	2,706,580	58.85	1,193,720	25.95	194,753	4.24	4,598,658
1953	598,820	12.28	3,136,472	64.28	838,926	17.20	304,356	6.23	4,878,574
1954	509,598	10.21	3,691,487	73.85	461,715	9.24	334,912	6.70	4,997,712
1955	572,469	11.23	3,758,628	73.79	462,304	9.07	301,074	5.91	5,094,475
1956	718,647	13.54	3,796,609	71.55	444,033	8.37	347,295	6.54	5,306,584
1957	1,163,713	21.87	3,502,906	65.88	383,073	7.20	267,727	5.04	5,317,419
1958	307,707	18.78	1,142,902	69.69	107,529	6.47	83,164	5.06	1,641,302
(Jan.-April):									

* Figures are for undivided India.

STATEMENT No. III

Pattern of cloth production in the mills—monthwise—January 1956 to April 1958
(*Figures in Million Yds.*)

Period.	Coarse.	Medium.	Fine.	S. Fine.	Total.
1955 ...	572	3,759	462	301	5,094
1956—					
January ...	46	308	34	28	416
February ...	46	317	34	28	425
March ...	41	313	35	30	419
April ...	43	314	34	30	421
May ...	48	331	41	33	453
June ...	52	329	40	30	451
July ...	59	336	41	31	467
August ...	63	311	36	28	438
September ...	68	327	40	30	465
October ...	78	299	38	28	443
November ...	80	291	34	25	430
December ...	95	320	37	26	478
Total for 1956 ...	719	3,796	444	347	5,306
1957—					
January ...	102	320	36	26	484
February ...	95	286	32	22	435
March ...	95	302	33	23	453
April ...	96	312	33	23	464
May ...	93	307	32	21	453
June ...	89	281	30	20	420
July ...	104	300	33	22	459
August ...	98	272	29	21	420
September ...	101	289	31	22	443
October ...	94	270	30	22	416
November ...	98	280	32	22	432
December ...	99	284	32	23	438
Total for 1957 ...	1,164	3,503	383	267	5,317
1958—					
January ...	86	300	29	21	436
February ...	74	272	26	19	391
March ...	74	284	26	21	405
April ...	73	287	27	21	408

STATEMENT No. IV
Loomstate Production of Cloth

A

(In million yards)

		Coarse.	Medium.	Fine.	Superfins.	Total.
BOMBAY CITY						
1955	...	209.27	1154.86	86.91	144.37	1595.41
1956	...	243.43	1038.31	112.00	163.29	1607.03
1957—						
Jan.	...	26.06	97.82	11.03	10.68	145.59
Feb.	...	25.23	83.87	8.83	9.26	133.19
Mar.	...	24.77	96.53	7.89	9.68	138.87
April	...	24.57	100.00	6.20	10.11	140.88
May	...	23.35	99.13	6.10	9.36	137.94
June	...	22.18	87.86	4.99	8.25	123.28
July	...	28.33	103.02	5.90	10.33	147.58
Aug.	...	26.22	95.17	5.48	9.95	136.82
Sept.	...	26.79	97.56	5.92	10.51	140.78
Oct.	...	25.57	90.67	5.51	10.06	131.81
Nov.	...	25.17	90.80	6.43	10.07	132.47
Dec.	...	26.99	94.83	6.78	11.25	139.85
TOTAL						
	...	305.23	1143.26	81.06	119.51	1649.06
1958—						
Jan.	...	25.38	93.53	5.44	10.83	135.18
Feb.	...	21.69	91.35	4.57	10.05	120.66
Mar.	...	22.34	88.53	4.66	10.74	126.27

STATEMENT No. IV—contd.

B

(In million yards)

		Coarse.	Medium.	Fine.	Superfine.	Total.
AHMEDABAD						
1955	...	14.04	801.78	277.89	97.70	1191.41
1956	...	22.87	835.90	226.45	126.61	1211.83
1957—						
Jan.	...	6.93	73.77	18.01	9.96	108.67
Feb.	...	5.23	66.03	16.93	8.62	96.81
Mar.	...	6.08	69.14	18.90	8.97	103.09
Apr.	...	5.68	72.46	22.07	8.93	107.14
May	...	4.58	70.00	19.33	7.49	101.40
June	...	5.43	64.82	18.81	7.59	96.65
July	...	6.03	69.04	19.81	7.92	102.80
Aug.	...	5.58	59.41	16.49	7.29	88.77
Sep.	...	5.28	66.50	18.02	7.58	97.38
Oct.	...	4.90	65.54	17.41	7.25	95.10
Nov.	...	5.32	68.19	17.80	7.52	98.83
Dec.	...	5.87	63.56	17.74	7.64	99.81
<hr/>						
TOTAL	...	66.91	813.46	219.32	96.76	1196.45
<hr/>						
1958—						
Jan.	...	5.17	71.34	16.46	6.90	99.87
Feb.	...	4.11	64.55	15.87	5.86	90.39
Mar.	...	4.09	69.07	15.97	6.62	95.75

STATEMENT No. IV—*contd.*

C

(In million yds.)

		Coarse.	Medium.	Fine.	S. Fine.	Total.
BOMBAY						
REST						
*1955	...	27·94	366·53	54·85	47·85	497·17
1956	...	56·46	434·55	52·24	49·32	592·57
1957—						
Jan.	...	14·36	49·34	4·22	4·13	72·05
Feb.	...	13·41	41·52	3·55	4·07	62·55
March	...	15·37	41·15	3·73	4·32	64·57
April	...	15·88	41·32	4·11	4·10	65·41
May	...	15·85	39·22	4·10	3·79	62·96
June	...	14·95	36·72	3·90	3·22	58·79
July	...	19·16	36·44	3·88	3·70	63·18
Aug.	...	14·65	34·04	3·34	3·67	55·70
Sept.	...	15·48	36·36	4·26	4·26	60·36
Oct.	...	14·03	35·23	3·66	3·65	56·57
Nov.	...	13·85	36·55	4·15	3·67	58·22
Dec.	...	13·97	37·55	4·33	3·80	59·65
TOTAL	...	180·96	465·44	47·23	46·38	740·01
1958—						
Jan.	...	12·51	37·04	3·97	3·28	56·80
Feb.	...	10·71	33·87	2·95	3·25	50·78
March	...	11·19	36·55	3·09	3·26	54·09

*Relates to the Zone as it existed prior to Reorganisation of States in November 1956.

STATEMENT No. IV—*contd.*

D-1

(In million yds.)

		Coarse.	Medium.	Fine.	S. Fine.	Total.
U.P.						
1955	...	25.94	290.47	0.01	0.01	316.43
1956	...	43.22	337.62	0.77	...	381.61
1957—						
Jan.	...	10.32	27.59	0.06	...	37.97
Feb.	...	9.74	24.58	0.03	...	34.35
Mar.	...	8.95	26.05	0.03	...	35.03
April	...	9.30	27.03	...	...	36.33
May	...	9.37	26.09	...	...	35.46
June	...	9.62	25.18	...	...	34.80
July	...	10.11	23.51	...	...	33.62
Aug.	...	10.49	22.32	...	...	32.81
Sept.	...	11.92	22.70	...	...	34.62
Oct.	...	9.63	17.91	...	...	27.54
Nov.	...	12.23	21.38	...	...	33.61
Dec.	...	10.33	20.46	...	...	30.79
TOTAL	...	122.01	284.80	0.12	...	406.93
1958—						
Jan.	...	7.60	23.96	...	0.01	31.57
Feb.	...	6.62	20.65	...	...	27.27
Mar.	...	6.32	19.17	...	...	25.49

STATEMENT No. IV—contd.

D-2

(In million yds.)

		Coarse.	Medium.	Fine.	S. Fine.	Total.
KANPUR CITY MILLS						
1955	...	21.99	236.50	0.01	0.01	258.51
1956	...	37.96	284.61	0.48	...	323.05
1957—						
Jan.	...	8.77	22.83	0.06	...	31.66
Feb.	...	8.08	20.40	0.03	...	28.51
Mar.	...	7.30	21.62	0.03	...	28.95
Apr.	...	7.69	22.38	...	...	30.07
May	...	7.76	21.93	...	...	29.69
June	...	7.83	20.90	...	...	28.73
July	...	8.34	19.95	...	...	28.29
Aug.	...	9.00	18.60	...	...	27.60
Sep.	...	10.44	18.55	...	...	28.99
Oct.	...	8.39	15.06	...	...	23.45
Nov.	...	10.63	17.21	...	...	27.84
Dec.	...	8.75	16.77	0.01	...	25.53
TOTAL	...	102.98	236.20	0.13	...	339.31
1958—						
Jan.	...	6.58	20.12	0.01	...	26.71
Feb.	...	6.11	17.44	0.01	...	23.56
Mar.	...	5.83	15.86	...	...	21.69
Apr.	...	4.72	18.04	...	...	22.76

STATEMENT No. IV—*contd.*

E

(In million yards)

		Coarse.	Medium.	Fine.	Superfine.	Total.
MADHYA PRADESH						
1955*	...	24.59	119.43	0.01	3.78	147.81
1956	...	122.23	323.66	...	...	445.89
1957—						
Jan.	...	18.19	21.95	...	...	40.14
Feb.	...	18.24	17.61	...	...	35.85
Mar.	...	17.11	19.12	...	...	36.23
April	...	18.43	19.27	...	...	37.70
May	...	16.26	21.25	...	...	37.51
June	...	16.54	21.08	0.02	...	37.64
July	...	16.57	17.76	0.15	...	34.48
Aug.	...	17.83	15.67	0.15	...	33.65
Sept.	...	18.42	18.06	0.08	...	36.56
Oct.	...	16.57	17.65	0.03	...	34.25
Nov.	...	16.86	19.75	...	...	36.61
Dec.	...	17.50	21.36	...	...	38.86
TOTAL	...	208.52	230.53	0.43	...	439.48
1958—						
Jan.	...	12.16	24.89	...	...	37.05
Feb.	...	11.19	22.01	...	...	33.20
Mar.	...	10.22	22.71	...	...	32.93

* Figures for 1955 for M. P. State are for the State as existing before States re-organisation.

STATEMENT No. IV—*contd.*

F

(In million yards)

		Coarse.	Medium.	Fine.	Superfine.	Total.
MADRAS						
1955	...	31.43	104.30	7.79	...	143.52
1956	...	33.83	105.51	8.25	...	147.59
1957—						
Jan.	...	3.28	7.79	0.65	...	11.72
Feb.	...	3.36	7.56	0.67	...	11.59
Mar.	...	3.83	8.26	0.69	...	12.78
April	..	3.53	7.85	0.60	...	11.98
May	...	3.80	7.48	0.66	...	11.94
June	...	2.86	7.28	0.56	...	10.70
July	...	3.55	8.54	0.69	...	12.78
Aug.	...	3.15	8.07	0.57	...	11.79
Sept.	...	3.39	8.71	0.61	...	12.71
Oct.	...	3.58	8.51	0.66	...	12.75
Nov.	...	3.31	8.29	0.63	...	12.23
Dec.	...	3.41	7.90	0.65	...	11.96
TOTAL	...	41.05	96.24	7.64	...	144.93
1958—						
Jan.	...	3.06	6.88	0.57	...	10.51
Feb.	...	3.23	6.12	0.55	...	9.90
Mar.	...	3.27	6.46	0.54	...	10.27

STATEMENT No. IV—*contd.*

G

(In millions yds)

		Coarse.	Medium.	Fine.	S. Fine.	Total
DELHI						
1955	...	40.53	83.81	2.99	4.41	131.74
1956	...	45.41	90.23	5.11	4.01	144.76
1957—						
Jan.	...	5.13	7.43	0.29	0.36	13.21
Feb.	...	4.29	7.36	0.26	0.44	12.35
Mar.	...	4.09	7.03	0.25	0.34	11.71
April	...	4.36	7.76	0.45	0.32	12.89
May	...	4.91	7.18	0.47	0.28	12.84
June	...	4.29	6.08	0.41	0.27	11.05
July	...	5.29	6.76	0.36	0.40	12.81
Aug.	...	5.55	6.12	0.25	0.30	12.22
Sept.	...	5.64	6.66	0.17	0.35	12.82
Oct.	...	5.05	5.77	0.21	0.31	11.34
Nov.	...	5.29	6.71	0.22	0.34	12.56
Dec.	...	5.76	6.72	0.19	0.34	13.01
TOTAL	...	59.65	81.58	3.53	4.05	148.81
1958—						
Jan.	...	6.29	7.49	0.21	0.38	14.37
Feb.	...	5.24	7.09	0.26	0.29	12.88
Mar.	...	5.15	6.98	0.28	0.25	12.66

STATEMENT No. IV—*contd.*

Loom State Production of Cloth

H

(In million yds.)

	Coarse.	Medium.	Fine.	S. Fino.	Total.
WEST BENGAL.					
1955 ...	2.00	235.69	20.87	1.09	259.65
1956 ...	15.36	220.57	25.00	0.02	260.95
1957—					
Jan. ...	7.47	15.63	1.10	0.02	24.22
Feb. ...	5.36	15.33	1.25	...	21.94
Mar. ...	4.64	17.08	0.96	...	22.68
April ...	4.45	19.28	0.88	...	24.61
May ...	4.72	18.28	0.97	...	23.97
June ...	3.65	16.18	1.10	...	20.93
July ...	4.22	18.18	1.59	...	23.99
Aug. ...	3.68	16.39	1.82	...	21.89
Sep. ...	3.78	15.62	1.96	0.02	21.38
Oct. ...	4.78	13.02	1.67	...	19.47
Nov. ...	5.16	11.89	2.09	...	19.14
Dec. ...	4.90	9.31	1.88	0.05	16.14
TOTAL ...	56.81	186.19	17.27	0.09	260.36
1958—					
Jan. ...	4.84	16.58	1.52	0.04	22.98
Feb. ...	3.63	15.89	1.25	0.01	20.78
Mar. ...	3.45	17.44	1.27	0.01	22.17

STATEMENT No. V

STATEMENT No. V

Packed productions of major sorts of cloth in the mills for Civil Consumption and Export: July 1955 to March 1958
(Figures in Million Yds.)

	Civil Consumption.					Exports.					
	Coarse.	Medium.	Fine.	S. Fine.	Fents.	Coarse.	Medium.	Fine.	S. Fine.	Fents.	
	<i>Dhoties</i>										
July 1955 to June 1956	...	14.2	364.5	55.8	76.1	7.9	...	4.1	0.9	1.6	...
July 1956 to June 1957	...	123.8	318.7	58.9	70.3	12.9	0.6	6.6	0.9	2.3	...
July 1957 to March 1958	...	121.6	191.9	32.8	38.1	10.6	1.0	4.3	0.5	1.2	...
	<i>Sarees</i>										
July 1955 to June 1956	...	8.1	461.6	80.8	32.2	7.6	...	0.9	0.4	0.9	...
July 1956 to June 1957	...	126.9	331.2	70.6	25.0	11.0	...	2.7	0.5	1.2	...
July 1957 to March 1958	...	125.9	256.9	43.1	19.3	10.3	...	0.9	0.2	0.4	...
	<i>Mulls, Voiles and Dorias</i>										
July 1955 to June 1956	...	0.1	138.1	28.4	111.4	10.5	...	26.4	3.7	10.2	...
July 1956 to June 1957	...	...	144.4	31.5	92.3	14.0	...	38.7	2.7	9.0	...
July 1957 to March 1958	...	...	96.7	14.7	58.9	11.7	...	19.8	1.1	7.0	...

Long cloth, Sheetting, Leopard Cloth and Markin

July 1955 to June 1956	...	116.6	984.6	12.1	0.5	23.1	100.8	338.4	11.6	...	...
July 1956 to June 1957	...	158.5	961.4	9.9	0.5	37.7	138.1	427.8	12.1	...	...
July 1957 to March 1958	...	116.8	649.3	8.5	0.3	34.0	84.2	234.3	0.6	...	...

Coating, Tussocks, Corduroy and Bedford Corduroy

July 1955 to June 1956	...	37.1	62.7	6.1	1.2	2.9	3.0	22.9	0.2	...	...
July 1956 to June 1957	...	39.6	52.1	7.9	0.8	3.5	6.9	22.0	0.2	...	...
July 1957 to March 1958	...	36.9	48.2	5.8	0.5	4.6	3.3	8.9	...	...	...

Drills, Jeans, Satin Drill and Gaberdine

July 1955 to June 1956	...	91.6	35.6	3.2	...	4.3	58.4	26.0	...	...	...
July 1956 to June 1957	...	102.6	26.9	1.1	...	4.7	73.7	18.1	...	...	...
July 1957 to March 1958	...	88.1	20.6	1.7	...	4.3	51.1	9.5	...	...	...

STATEMENT No. VI

Statement showing number of mills working one shift, two shifts, three shifts and other related information.
September 1956 to March 1958

Month.	No. of mills working.			No. of workers actually engaged (Lakhs).								Spindles and looms run					
	One shift.	Two shifts.	Three shifts.	Total.	I shift.	II shift.	III shift.	Total.	I shift.			II shift.			III shift.		
									Spindles. (Milln.)	Looms. (Lakhs.)	Spindles. (Milln.)	Looms. (Lakhs.)	Spindles. (Milln.)	Looms. (Lakhs.)	Spindles. (Milln.)	Looms. (Lakhs.)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			
1956—																	
January	...	22	153	214	389	4.26	2.73	0.92	7.91	10.5	1.82	10.1	1.69	4.5	0.45		
June	...	19	149	224	392	4.31	2.72	0.99	8.02	10.6	1.82	10.2	1.71	5.0	0.51		
September	...	22	143	237	402	4.42	2.82	1.01	8.25	10.9	1.80	10.4	1.75	5.2	0.53		
October	...	22	147	236	405	4.44	2.82	1.00	8.26	10.9	1.86	10.4	1.77	5.2	0.53		
November	...	19	152	236	407	4.41	2.79	0.98	8.18	10.9	1.86	10.4	1.75	5.1	0.53		
December	...	22	156	232	410	4.45	2.86	0.99	8.30	11.0	1.86	10.5	1.75	5.0	0.53		
1957—																	
January	...	16	165	230	411	4.47	2.86	1.00	8.33	11.0	1.86	10.6	1.77	5.2	0.54		
February	...	21	162	233	416	4.42	2.81	1.01	8.24	11.0	1.85	10.6	1.76	5.1	0.53		
March	...	24	165	234	423	4.45	2.82	0.99	8.26	11.1	1.84	10.5	1.75	4.9	0.51		

April	... 24	170	228	422	4.45	2.79	0.99	8.23	11.0	1.83	10.5	1.74	4.9	0.52
May	... 24	170	228	422	4.38	2.77	0.99	8.14	10.8	1.81	10.3	1.69	4.8	0.50
June	... 26	169	228	423	4.28	2.70	0.91	7.89	10.5	1.76	10.0	1.65	4.6	0.48
July	... 18	173	225	416	4.46	2.78	0.97	8.21	10.8	1.80	10.5	1.70	4.8	0.50
August	... 17	168	231	416	4.39	2.82	0.99	8.20	11.0	1.81	10.8	1.71	4.9	0.49
September	... 23	168	223	419	4.36	2.81	0.97	8.14	11.0	1.80	10.7	1.70	4.9	0.50
October	... 23	172	229	424	4.37	2.70	0.94	8.01	10.9	1.79	10.5	1.70	4.7	0.49
November	... 26	179	224	429	4.37	2.72	0.91	8.00	11.0	1.78	10.5	1.69	4.4	0.46
December	... 28	185	216	429	4.35	2.71	0.86	7.92	10.9	1.75	10.4	1.65	4.4	0.42
1958—														
January	... 33	191	208	432	4.35	2.72	0.88	7.95	11.0	1.78	10.5	1.68	4.4	0.41
February	... 37	191	206	434	4.29	2.65	0.86	7.80	11.0	1.77	10.4	1.67	4.4	0.40
March	... 41	182	211	434	4.23	2.62	0.85	7.70	10.8	1.76	10.2	1.67	4.4	0.40

STATEMENT No. VII

Month-end unsold stocks of cloth with the Mills: January 1951 to June 1958

(*Figures in Bales of 1500 Yds. each*).

Month.	1951	1952	1953	1954	1955	1956	1957	1958	
January	...	107,130	227,943	249,055	280,601	281,020	144,366	274,596	372,500
February	...	142,253	233,702	218,868	270,774	275,829	113,154	287,486	362,600
March	...	169,989	346,151	251,905	296,652	269,710	145,511	300,233	344,800
April	...	216,614	303,027	234,768	218,683	239,484	126,830	292,154	324,100
May	...	222,706	230,729	207,212	241,089	236,873	112,312	261,308	308,000
June	...	265,123	181,770	226,242	311,337	2-7,000	132,460	297,277	341,000
July	...	245,037	163,049	285,298	285,230	198,044	138,367	319,062	...
August	...	245,655	158,295	334,328	315,618	200,747	154,328	338,585	...
September	...	273,305	218,491	388,414	316,884	193,089	201,431	356,114	...
October	...	251,716	248,518	429,189	232,934	204,531	257,788	391,005	...
November	...	211,487	283,650	346,965	282,791	187,419	255,647	395,759	...
December	...	219,756	278,580	336,377	302,022	173,195	271,098	450,699	...

STATEMENT No. VIII

Month-end Categorywise unsold stock of cloth with the Mills in India :

January 1956 to June 1958

(Figures in Bales of 1500 yds. each)

Period.	Coarse.	Medium.	Fine.	S. Fine.	Total unsold stock.	Sold stock.	Total unsold & sold stock
<i>1956—</i>							
January	19,920	101,470	14,072	8,904	144,366	...	144,366
February	19,190	80,096	10,060	3,808	113,154	...	113,154
March	18,746	103,452	12,438	5,875	145,511	...	145,511
April	17,428	94,836	9,724	4,842	126,830	...	126,830
May	17,251	81,780	8,934	4,297	112,312	...	112,312
June	16,795	98,164	11,622	5,879	132,460	...	132,460
July	12,174	105,622	12,346	8,225	138,367	...	138,367
August	13,603	115,830	14,259	10,586	154,328	...	154,328
September	18,435	150,760	18,245	13,991	201,431	81,822	283,253
October	23,354	184,703	29,672	20,059	257,788	223,039	480,827
November	23,149	183,236	24,914	19,293	255,647	244,795	500,442
December	32,383	190,963	26,801	20,946	271,098	225,996	497,094
<i>1957—</i>							
January	37,604	189,400	24,888	22,704	274,596	239,592	514,188
February	42,650	198,249	23,718	22,869	287,486	240,145	527,631
March	49,840	205,061	23,890	21,444	300,238	243,468	543,706
April	53,830	196,608	23,388	18,328	292,154	242,613	534,767
May	54,041	168,201	21,038	13,028	261,308	208,364	469,672
June	62,538	192,658	23,332	18,749	297,277	209,487	506,764
July	62,978	209,956	25,767	20,361	319,062	220,148	519,210
August	66,577	225,497	25,479	21,032	333,585	224,615	563,200
September	68,909	241,939	26,403	18,833	356,114	216,049	572,163
October	78,752	264,730	26,268	21,255	391,005	214,521	605,526
November	80,460	263,733	26,755	19,806	395,759	216,379	612,138
December	101,757	293,825	32,863	22,249	450,699	209,186	659,835
<i>1958—</i>							
January	88,600	243,300	22,700	17,900	372,500	210,500	583,000
February	90,200	234,900	19,600	17,900	362,600	195,300	557,900
March	90,400	223,200	16,900	14,300	344,800	198,600	543,400
April	85,300	209,300	16,000	13,500	324,100	181,200	505,300
May	78,600	203,600	13,400	12,400	308,000	196,800	504,800
June	79,100	231,800	16,500	13,600	341,000	209,000	550,000

STATEMENT No. IX

Distribution of mills according to volume of unsold cloth stocks

(Stocks in Bales of 1500 yds.)

	End December 1957.		As on 22-2-1958.		End April 1958.	
	No. of Mills.	Total unsold Stocks.	No. of Mills.	Total unsold Stocks.	No. of Mills.	Total unsold. Stocks.
1. Mills with unsold stocks of 4 months and over average monthly production.	14	103,010	15	69,306	10	42,705
2. Mills with unsold stocks of 3 to 4 months average monthly production.	9	22,988	12	74,261	11	31,322
3. Mills with unsold stocks of 2-3 months average monthly production.	6	11,317	19	47,474	11	48,531
4. Mills with unsold stocks of less than two months average monthly production.	240	313,334	223	174,459	236	201,542
TOTAL	... 269	450,699	269	365,500	268	324,100

STATEMENT No. X

Unsold Stocks of Packed Yarn with the Spinning and Composite Mills during 1953-58 (June)

(Figures in Bales of 400 lbs.)

Month.	1953.	1954.	1955.	1956.	1957.	1958.
January	...	35,000	54,750	22,661	27,445	89,200
February	...	24,500	61,560	22,486	39,214	94,500
March	...	44,500	55,158	32,609	45,724	111,800
April	...	43,500	68,470	29,784	48,137	109,700
May	...	40,500	74,550	18,011	53,019	112,200
June	...	35,000	76,060	22,959	51,945	105,700
July	...	32,000	55,593	16,816	62,866	...
August	...	35,500	52,500	10,737	67,972	...
September	...	37,000	43,923	16,282	75,667	...
October	...	46,500	44,519	21,513	85,755	...
November	...	58,000	34,684	23,835	94,613	...
December	...	41,000	19,636	26,661	108,455	...

STATEMENT No. XI

Statement showing the number of Mills which remained closed at the beginning of each year from 1951 to 1958 together with the changes in the closure position from 1955

Year.	No. of Mills.	No. of spindles (Lakhs).	No. of looms.
1951	25	N. A.	N. A.
1952	16	Do.	Do.
1953	13	Do.	Do.
1954	20	Do.	Do.
1955	25	4.58	8,321
1956	23	4.72	7,794
1957	19	3.30	3,759
1958 (January)	25	4.07	5,834
1958 (May)	28	5.56	9,198
Changes during 1955-58.			
<i>(a) Changes in 1955.—</i>			
Mills remaining closed at the beginning of the year.	25	4.58	8,321
Further closures	6	1.50	1,715
Re-opened during the year	8	1.36	2,242
Mills remaining closed at the end of the year.	23	4.72	7,794
<i>(b) Changes in 1956.—</i>			
Mills remaining closed at the beginning of the year.	23	4.72	7,794
Further closures	17	4.30	5,360
Re-opened during the year	21	5.72	9,395
Mills remaining closed at the end of the year.	19	3.30	3,759
<i>(c) Changes in 1957.—</i>			
Mills remaining closed at the beginning of the year.	19	3.30	3,759
Further closures	25	4.37	5,514
Re-opened during the year	19	3.60	3,439
Mills remaining closed at the end of the year.	25	4.07	5,834
<i>(d) Changes in 1958.—</i>			
Mills remaining closed at the beginning of the year.	25	4.07	5,834
Further closures January/31st May 1958.	8	2.79	5,315
Re-opened during January/31st May 1958.	5	1.30	1,951
Mills remaining closed as on 31st May 1958.	28	5.56	9,198

STATEMENT No. XII

Distribution of present closed mills (Position as at end of May 1958) according to their year of closure and other related information

Closures.	Type of Mills.	No. of Mills.	No. of workers affected.	No. of spindles affected.	No. of looms affected.	Estimated monthly loss (in bales of 1500 yds. for Cloth and 400 lbs. for Yarn).	
						Cloth.	Free Yarn.
Prior to 1955	... Spinning Mills	3	1,213	30,676	...	...	408
	... Composite Mills	4	6,212	80,548	1,244	1,447	214
During the year 1955	... Spinning Mills	...	...	...	...	...	...
	... Composite Mills	...	...	...	...	...	...
During the year 1956	... Spinning Mills	2	619	9,404	...	...	186
	... Composite Mills	...	...	...	...	...	...
During the year 1957	... Spinning Mills	4	1,435	28,860	...	...	797
	... Composite Mills	7	9,417	1,26,813	2,639	2,571	1,081
During the current year..	... Spinning Mills	2	535	19,304	...	...	220
	... Composite Mills	6	16,565	2,60,389	5,315	4,741	994
	TOTAL	28	35,996	5,55,993	9,198	8,759	8,910

STATEMENT No. XIII

Statement showing monthly delivery of mill cloth for Civil Consumption according to categories: January 1955 to April 1958

(Figures in million yards)

Period.	Coarse.	Medium.	Fine.	S. Fine.	Fents.	Total.
<i>1955—</i>						
January ...	22.3	300.7	37.5	25.9	...	386.4
February ...	19.5	285.2	33.2	25.1	...	361.0
March ...	16.6	210.0	67.2	39.7	...	333.5
April ...	25.2	271.0	85.4	39.8	...	421.4
May ...	27.0	221.0	46.5	37.6	...	332.1
June ...	25.9	212.0	39.1	23.9	...	300.9
July ...	39.1	269.6	39.9	24.4	7.2	380.2
August ...	49.3	343.7	54.9	35.0	6.8	489.7
September ...	36.3	223.8	30.5	18.6	7.9	317.1
October ...	41.6	228.3	30.8	17.7	8.3	326.7
November ...	46.0	263.6	27.5	19.1	8.4	364.6
December ...	42.8	317.8	41.7	29.8	12.9	445.0
TOTAL ...	391.6	3146.7	534.2	334.6	51.5	4458.6
<i>1956—</i>						
January ...	37.8	368.7	49.8	38.7	8.8	503.8
February ...	29.2	314.0	42.2	35.1	14.5	435.0
March ...	15.6	146.9	21.1	12.4	6.8	202.8
April ...	22.1	253.3	30.2	20.2	8.5	334.3
May ...	28.3	265.1	35.8	24.6	10.5	364.3
June ...	32.0	267.6	36.0	28.2	11.7	375.5
July ...	33.0	237.5	30.5	20.0	10.4	331.4
August ...	39.0	241.8	27.0	21.5	9.7	339.0
September ...	31.7	160.6	28.6	22.2	12.1	255.2
October ...	40.3	186.6	24.7	16.0	10.8	278.4
November ...	53.4	208.8	22.5	17.1	10.9	312.7
December ...	54.9	307.0	35.8	31.1	14.2	443.0
TOTAL ...	417.3	2957.9	384.2	287.1	128.9	4175.4
<i>1957—</i>						
January ...	58.3	222.5	26.1	19.5	14.6	341.0
February ...	51.6	183.4	26.7	17.4	11.9	291.0
March ...	51.8	213.0	30.3	22.8	14.6	332.5
April ...	66.6	265.8	34.7	23.1	15.3	405.5
May ...	81.8	303.9	39.1	30.2	17.4	472.4
June ...	59.8	202.6	26.4	17.5	12.4	318.7
July ...	53.1	178.9	24.8	13.9	12.7	283.4
August ...	60.0	184.4	27.1	15.6	13.9	301.0
September ...	71.6	222.7	28.8	18.7	15.2	357.0
October ...	68.5	175.1	23.0	15.7	16.8	299.1
November ...	76.3	220.7	24.8	18.9	16.4	357.1
December ...	64.2	198.1	24.8	17.4	20.2	324.7
TOTAL ...	763.6	2571.1	336.6	230.7	181.4	4083.4
<i>1958—</i>						
January ...	68.1	335.3	42.1	25.6	19.9	491.0
February ...	51.5	249.2	28.4	18.5	23.2	370.8
March ...	48.3	251.3	27.0	18.0	18.7	363.3
April ...	63.8	290.2	32.7	23.7	17.0	427.4

STATEMENT No. XIV

Statement showing Monthwise delivery of Mill cloth for exports according to categories: January 1955 to April 1958 (Million Yds.)

Period.	Coarse.	Medium.	Fine.	Superfine.	Total.
1955—					
January	11.05	52.37	1.69	0.83	65.94
February	9.40	58.47	2.12	1.37	71.36
March	14.12	52.72	4.29	2.31	73.44
April	16.50	50.95	5.06	2.50	75.01
May	17.37	46.18	3.38	2.35	69.28
June	19.75	47.70	3.83	2.05	73.33
July	17.00	51.21	4.00	1.55	73.76
August	13.70	46.50	3.54	2.02	65.76
September	17.20	51.65	3.09	2.44	74.38
October	15.82	46.26	2.22	1.31	65.61
November	15.15	41.46	1.16	1.06	58.83
December	17.28	57.44	1.03	1.14	76.89
TOTAL	184.34	602.91	35.41	20.93	843.59
1956—					
January	12.39	38.49	0.62	0.56	52.06
February	16.88	56.30	1.31	1.44	75.93
March	16.71	45.77	0.88	1.42	64.78
April	15.43	43.71	1.42	1.74	62.30
May	16.27	49.70	1.98	1.91	69.86
June	18.50	48.33	1.85	2.12	70.80
July	15.36	38.64	2.44	1.42	57.86
August	15.71	35.07	1.13	1.43	53.34
September	16.65	37.33	1.66	1.77	57.41
October	19.45	44.58	2.77	1.43	68.23
November	20.74	50.78	2.77	1.43	75.72
December	23.83	63.73	3.76	1.78	93.10
TOTAL	207.92	552.43	22.59	18.45	801.39
1957—					
January	25.35	70.53	2.61	1.59	100.08
February	22.25	58.51	2.51	1.86	85.13
March	26.76	69.24	0.96	2.09	99.05
April	23.32	56.26	1.86	1.69	83.13
May	17.68	49.48	0.64	1.60	69.40
June	16.70	42.12	0.86	1.46	61.14
July	16.43	36.54	1.32	1.32	55.61
August	20.46	46.99	6.83	1.61	75.89
September	22.15	47.31	1.25	1.98	72.69
October	20.93	47.15	0.74	1.09	69.91
November	24.17	51.15	1.32	1.66	78.30
December	19.83	43.59	0.67	1.13	65.22
TOTAL	256.03	618.87	21.57	19.08	915.55
1958—					
January	21.79	45.14	0.32	1.61	68.86
February	18.80	38.42	0.94	1.95	60.11
March	19.60	36.08	0.48	1.89	58.05
April	18.72	29.93	0.55	2.73	51.93

STATEMENT No. XV
Yarn Delivered for Civil Consumption

(In million lbs.)

Period.	Composite Mills.	Spinning Mills.	Total.
1955	... 226.16	206.70	432.86
1956	... 223.05	218.31	441.36
<i>1957—</i>			
January	... 20.38	20.29	40.67
February	... 18.85	17.68	36.53
March	... 19.57	20.86	40.43
April	... 21.76	20.25	42.01
May	... 20.80	19.86	40.66
June	... 19.69	19.63	39.32
July	... 17.53	19.40	36.93
August	... 18.37	20.18	38.55
September	... 19.11	21.42	40.53
October	... 18.14	20.78	38.92
November	... 20.17	21.57	41.74
December	... 21.08	23.15	44.23
TOTAL	... 235.45	245.07	480.52
<i>1958 —</i>			
January	... 24.44	25.57	50.01
February	... 19.53	19.60	39.13
March	... 18.01	21.51	39.52
April	... 19.37	21.17	40.54

STATEMENT No. XVI

Statement showing Bank Advances against cotton Textiles.
August 1955 to April 1958

(In crores of Rupees)

Year and Month.	Cloth Un- sold stock with mills in Lakhs bales.	Advances.		Total.
		To Mills.	To Others.	
<i>1955—</i>				
August	2.0			
September	1.9			43.00
October	2.04			44.06
November	1.87			44.50
December	1.73			41.66
				42.68
<i>1956—</i>				
January	1.44			43.88
February	1.13		Not available.	46.39
March	1.45			49.61
April	1.27			55.44
May	1.12			53.94
June	1.32			57.14
July	1.38			61.36
August	1.54			62.00
September	2.01	29.80	35.25	65.05
October	2.58	35.60	35.59	71.19
November	2.57	39.15	33.03	72.23
December	2.71	46.62	34.93	81.55
<i>1957—</i>				
January	2.75	49.06	36.21	85.27
February	2.87	48.75	37.14	85.89
March	3.00	53.54	34.93	88.47
April	2.92	51.71	37.64	89.35
May	2.62	50.98	32.89	83.87
June	2.97	57.12	32.42	89.54
July	3.19	58.94	29.82	88.76
August	3.39	58.94	32.46	91.40
September	3.56	62.31	32.29	94.60
October	3.91	66.73	33.73	100.46
November	3.96	64.77	31.13	95.90
December	4.51	69.05	30.03	99.08
<i>1958—</i>				
January	3.72	71.59	32.92	104.51
February	3.63	71.72	34.41	106.13
March	3.45	70.47	34.29	104.76
April	3.24	68.00	32.28	100.28

Note.—Figures from August 1955 to August 1956 are estimated.

Source. The Reserve Bank of India.

STATEMENT No. XVII

Statement showing supply of Cotton (September to August)

(Figures in lakhs of bales of 400 lbs. each)

	1955-56.		1956-57.		1957-58 (Estimated).	
	Indian.	Foreign.	Indian.	Foreign.	Indian.	Foreign.
Carry over stock	...	23.73	2.48	19.30	18.20	2.54
Crop	...	47.0	...	48.0	49.0	...
Imports	5.88	...	6.11	5.75
TOTAL	...	70.73	8.36	67.30	67.20	8.39
Exports	...	5.40	...	2.40	3.00	...
Consumption by mills	...	43.65	6.03	46.65	46.00	5.80
Balance	...	21.68	2.33	18.25	18.20	2.59
Miscellaneous	...	2.38	0.13	0.05	...	...
Carry over	...	19.30	2.20	18.20	18.20	2.59

STATEMENT No. XVIII

STATEMENT No. XVIII

Variations of excise duty rates on mill cloth from time to time since 1st January 1949

From.	Coarse.	Medium.	Fine.	Superfine.
1- 1-1949 ...	...	...	...	25 % <i>ad valorem</i> .
1- 3-1949 ...	Re. 0-0-3 per yd.	Re. 0-0-3 per yd.	6 1/4 % <i>ad valorem</i>	25 % <i>ad valorem</i> .
1- 2-1950 ...	Re. 0-0-3 per yd.	Re. 0-0-3 per yd.	5 % <i>ad valorem</i>	20 % <i>ad valorem</i> .
9- 5-1952 ...	Re. 0-0-3 per yd.	Re. 0-0-3 per yd.	Gr. IX { Grey & - 7 Ps. per yd. Bid. Dyed & - 9 Ps. " } printed.	Grey & 3 As } or 20 % <i>ad</i> Bid. per yd. } <i>valorem</i> Dyed & 3 1/2 As. } which ever Prtd. per yd. } is less.
28- 2-1953 ...	Re. 0-0-3 per yd.	Re. 0-0-3 per yd.	Other groups { Grey & - 11 Ps. per yd. Bid. Dyed & - 12 Ps. per yd. } printed.	Re. 0-3-3 per yd.
25-10-1953 ...	Re. 0-0-3 per yd.	Re. 0-0-3 per yd.		Re. 0-2-0 per yd.
1- 3-1954 ...	Re. 0-0-6 per yd.	Re. 0-0-6 per yd.		Re. 0-2-6 per yd.
1- 3-1955 ...	Re. 0-1-0 per sq. yd.	Re. 0-1-0 per sq. yd.		Re. 0-2-6 per sq. yd.

or % *ad valorem* whichever is less.

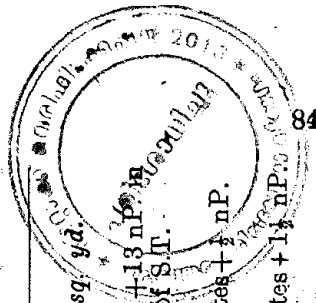
Basis of classification changed from warp counts to average counts from 1st March 1955

	Per sq. yd.	Per sq. yd.	Per sq. yd.
21- 3-1955 ...	Re. 0-0-6	Re. 0-1-0	Re. 0-2-6
27- 4-1955 ...	Re. 0-0-6	Re. 0-1-3	Re. 0-2-0
1- 3-1956 ...	<i>Dhories & Sarees.</i> Re. 0-0-6 (3-125 nP.)	<i>Other varieties.</i> Re. 0-1-0 (6-25 nP.)	Re. 0-2-6 (15-625 nP.)
1- 9-1956 ...	<i>Dhories & Sarees.</i> Re. 0-0-6 (3-125 nP.)	<i>Other varieties.</i> Re. 0-1-6 (9-375 nP.)	Re. 0-4-0 (25 nP.)
14-12-1957 ...	<i>Dhories & Sarees.</i> Re. 0-0-6 (3-125 nP.)	<i>Others</i> Re. 0-1-6 (9-375 nP.)	Re. 0-4-0 (25 nP.)
	+ 3 nP. in lieu of State Sales Tax.	+ 4 nP. in lieu of State Sales Tax.	+ 13 nP. in lieu of State Sales Tax.
19- 3-1958 ...	<i>Dhories & Sarees.</i> 3 nP.	<i>Others</i> + 6 nP. in lieu of State Sales Tax.	22 nP.
	+ 3 nP. in lieu of State Sales Tax.	+ 7 nP. in lieu of State Sales Tax.	+ 13 nP. in lieu of State Sales Tax.

STATEMENT No. XVIII

STATEMENT No. XVIII—cont'd.

From,	Categories/Types of Process.	Coarse.	Medium A (up to 25s).	Medium B (Above 25s to 35s).	Fine.	Superfine.
		Per sq. yd.	Per sq. yd.	Per sq. yd.	Per sq. yd.	Per sq. yd.
4-7-58	Grey	... 4 nP. + 3 nP. in lieu of S.T.	5 nP. + 4 nP. in lieu of S.T.	6 nP. + 4 nP. in lieu of S.T.	18.5 nP. + 8 nP. in lieu of S.T.	24.5 nP. + 13 nP. in lieu of S.T.
	Bleached	... Grey rates + 1/2 nP.	Grey rates + 1/2 nP.	Grey rates + 1/2 nP.	Grey rates + 1/2 nP.	Grey rates + 1/2 nP.
	Dyed, printed, mercerised or otherwise chemically processed.	Grey rates + 1 1/2 nP.	Grey rates + 1 1/2 nP.	Grey rates + 1 1/2 nP.	Grey rates + 1 1/2 nP.	Grey rates + 1 1/2 nP.
	Shrink proof and organodie processed.	Grey rates + 3 nP.	Grey rates + 3 nP.	Grey rates + 3 nP.	Grey rates + 3 nP.	Grey rates + 3 nP.



30/61

Note.—(1) The above rates are exclusive of the handloom cess at the rate of 1.5625 nP. per square yard.
 (2) Cloth exported from the country is exempted from the levy of all excise duty and the handloom cess.
 (3) From 1-9-1956 to 31-12-1957 a rebate of 6 pies (3.125 nP.) per square yard was allowed for production in excess of the average monthly production of the first eight months of 1956 or normal production, whichever was higher) and cleared for home consumption.