

# **CHAPTER III**

**HISTORICAL BACKGROUND OF COTTON**

**MILLS IN INDIA**

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## CHAPTER III

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### 3.1 Historical background of cotton mills in India

When the western Europe, the birth place of modern capitalism, had little industrial production to boast of, India was famous for the high artistic skills of her craftsmen. The south India was famous for being specialized in plain and printed cloth to such an extent that collect gave its names to 'calicoes'. Bhrampur of Madya pradesh state was noted for gold weight tissues which were bring seemed like 'woven sunshine' or 'shadow of commodity'. The fabrics of Madhuria and other places were also famous. In those days, the cotton textile industries was organized on the basis of handicrafts - Home hold industry.

The then Indian Kings and Nobles promised there handicrafts - cotton industry. The cotton industry was well protected during pre British period. During 18th and 19th centuries, certain inventions revolutionised the art of spinning and weaving by machines in England. The use of power driver machines enabled England to turnout the cheap cotton goods on a large scale for overseas. Meanwhile England imposed 70 to 80 percent duties on Indian fabrics to protect British manufacturers. It reduced the export of Indian cotton goods. The British mill made cotton products changed the taste of Indian customers. The kings and Nobles

What are  
shore?

who were patronizing the cotton mills were also disappeared the Indian cotton goods lost their demand both in domestic market and in international market. It hampered the growth of Indian cotton industry. ?

During the 17th and 18th centuries, the cotton mills were mainly located in Gange valley region, Gujarat and Khandesh region and eastern coast of south India. The British capitalists started the establishment of cotton industries in India. So the credit of starting cotton textiles large scale industry, goes to the British competitors. The British capitalists established a cotton mill called ' Fort Gostler Mills ', now it is known as ' Bowreach cotton mills ltd, at fort Gostle near Howrah Calcutta in 1818 to spin yarn by using locally grown cotton. The honor of having the first cotton mills in the country goods of west Bengal. The mill had very good prosperity. ?

In 1851, Mr. Lawasji Davar established a cotton mill in Island of Bombay. It is marked as the real beginning of the development of cotton Mills in India. In 1851, enterprising merchants formed a company by collecting public subscription on the lines of today's joint stock company, system for establishing a cotton mill. In 1859, Mr. Rancholdlal Choteyral established a cotton mills in Ahmedabad. The American Civil war ( 1860-1865 ) raised heavy demand for Indian cotton products from UK. It encouraged the growth and development of cotton industry. In

India, the number of cotton mills gone to 17, of which 11 cotton mills were located in Bombay only. In 1876, there were 47 cotton mills which had 3.93 lakh spindles and 4600 looms. During 1875 to 1890, the cotton mills enjoyed fairly prosperous conditions. the cotton textile industry was spread over to the other parts of the country, even interior centers, on account of railway transport. Which connected interior centers of the post-towns. The cotton mills were also established at Solapur, Nagapur and Khanpur. By 1890, the number of cotton mills went up to 58 with 14.71 lakh spindles and 13000 looms.

In the last decade of the 19th century, however, the cotton industry passed through a number of problems on account of series of serious strikes, currency and exchange difficulties and Bubonic plague in Bombay in 1897, necessitated the closure of the cotton mills of r the prolonged period. The currency and exchange difficulties following the closure of mints for free silver coinage results dislocated the trade with China and Japan to such an extent that profitable export trade in yarn to those countries, practically, came to a stop.

By 1900, the number of cotton mills went up to 193 with 49,54,783 spindles and 40,124 looms. During the beginning of 20th century, the industry was predominantly a coarse yarn spinning industry because Bombay had developed a

profitable export trade with China and Japan. But after 1920, the export trade in cotton yarn suffered due to two difficulties namely (i) exchange difficulties in Japanese Market for Indian yarn and (ii) outbreak of world war I which made India to lose markets, in China and Japan.

what is it?

The swadeshi-movement of 1905-07 gave an impetus to the cotton textile industry. In 1910, the number of cotton mills rose to 263 with about 83,000 looms, the consumption of cotton raised to 19 million bales and the number of employees to 239,000. Indian cotton textile mills became well established by 1914 the outbreak of world war I hit hard on Indian cotton textiles. Which made them to suffer depression. The depression continued for next ten years. Several cotton mills found themselves financially and physically weak. With its political domination over India, Britain endeavored to regain its pre war markets in it Japan too tried its best to capture all possible markets.

The cut-throat competition from Japan and other foreign countries made the India cotton industries difficult to survive. Government issued protection to Indian cotton mills in 1926 to protect them from cut-through competition from foreign competition. Meanwhile, the cotton industries introduced double shift working efficiency methods of production, Dormitory system for housing and system of feeding workers which enabled to Japan to manufacture cloth at the cheapest cost and sell to both east

and west-countries. Manufacturing of cotton cloth became unprofitable in India. The cotton mill in India were not only unable to pay any dividend to their shareholders but also even found it impossible to make adequate provision for depreciation on building and machinery. Under the leadership of "Bombay Mill Owner association" the cotton industry was actually planning to curtail production by mutual agreement .

On account of protection issued to cotton mills in 1926, there was little improvement in the conditions of the cotton mills. the number of cotton kills, there spindles and looms increased form 334 mills, 8.7 million spindles and 159000 looms respectively in 1926 to 389 mills, 10.1 million spindles and 200,000 looms respectively in 1939. As a result of this, the production of cloth went up by 93% . The period of 1939-40 was notable not so much for any marked expansion in size of the industry but for intensification of production to meet the war needs. By working of double and treeble shifts and rationalization of production methods, the cotton industry increased its production of yarn to 157.70 lakh metres.

Of course, the cotton industry had experienced certain difficulties in respect of raw materials and machinery during the years of world war II. But on amount of natural protection and government patronage, the

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What is the unit of measurement of yarn?

such as ?

cotton industry made good progress. By 1945 the number of cotton mills went up to 417. But, in 1947, the partition of India hit hard on the development of Indian cotton industry. As a result of partition, 22% of well-irrigated and fertile cotton growing land went to Pakistan. Out of 423 cotton mills, 13 cotton mills went to Pakistan and 409 cotton mills remained with India. The cotton industry suffered shortage of raw cotton. It made the country to import raw cotton from foreign countries. BY 1947, the country had 409 cotton mills with capacity of 10353000 spindles and 193,000 looms and the production of yarn 129.6 lakh metres. The proration to cotton industry was also withdrawn by 1947. ?

The prosperity of cotton mills continued till 1972. but in 1973, the oil crisis affected adversely on cotton mills of India. Meanwhile the difficult economic situation and completion from man made fabrics and foreign countries disturbed the economic position of cotton mills and made them to suffer depression continuously. Now the cotton mills in India also experiencing industrial unrest there is no clear future for cotton mills in the world market. // How? ?

In India, the development of cotton mills found both in organized and unorganized sector and in mill sector and decentralized sector. The decentralized sector became dominant in production of both cotton and man-made fabrics. In respect of production of fabrics, the share of ? why?



the mill sector which stood at 79% in 1950-51 came down to 1 percent in 1990-91 wherein that of decentralized sector rose from 21 percent to 85 percent during the same period.

The organized sector cotton textile industry is still one of the oldest and most firmly established major industries of India. At the end of March 1991 there were 1062 cotton mills in the countries of which 781 were spinning mills and 281 were composite mills. Their capacity was 27 million spindles and 1.8 lakh looms. Being one of the oldest industries it has over 150 years history.

The cotton mills are mainly organized by private sector, public sector, and co-operative sector. For rehabilitation and reconstruction and modernization and rationalization of sick cotton mills, the central Government set up National Textile Corporation in 1986. Now 123 cotton mills are under the control of NTC.

### 3.2 HISTORICAL BACKGROUND OF COTTON MILLS IN KARNATAK :

Karnatak is one of the states of India. It is situated in southern part of the country. The state has varied climate conditions. It has the best quality black cotton soil in northern part which covers, Belgaum district, Dharwad district, Bijapur District, Bidar District, Gulbarga District and Raichur District. More cotton is being grown in these areas. Karnatak has also roads, railways, shipping and air transport facilities very good infrastructural facilities are available in Karnatak.

Ginning, spinning, threading, weaving and dyeing to the cotton yarn art was known to the people of Karnatak even during pre-Vijaynagar Emperor period. Cotton mills were developed at small scale basis, particularly in home hold sector such as charaka, Hanadloom, Handicrafts etc. Weaving of cotton cloth was one of the popular crafts of Karnatak foot-roller was the chief local applicant for spinning cotton. Local saw-gins were first made in about 1845 Mr. Mercer, an American Planter, succeeded in making a saw-gin in Dharwad and Mr. Channing in Belgaum in 1845. government also set up saw gins particularly in Belgaum and Dharwad regions. Karnatak had cotton weaving villages and towns. Cloth was stamped or printed with wooden blocks in various patterns and colors. Many shimpi families were engaged in calico printing.

The development of large scale cotton mills started from 1883 in Karnatak. the 'Cotton Boom' that was evidenced in India in the 18605 due to the American Civil war, encouraged the development to many textile and spinning units in the Deacon. In the wake of this, in 1881-82 steps were take for the erection of a cotton mill, known as Gokak mills, at Gokak Falls near Gokak town of Belgam district. The scope of development of cotton textile in Karnatak started with the establishment of Gokak Mills, by the Water Power Company, in 1883, which started production from

1987. The same company started ginning factories at Gokak and Saundatti of Belgaum district in 1908-09 . Gradually the large scale cotton mills spread over the Karnatak state.

Most of ginning mills, to day, one found in Dharwad, Bijapur, Raichur, Belagaum , Bellary, Gulburaga, Chitra Durg, Bengalore and Mysore districts. According to 1990 economic survey, Karnatak has 46 cotton mills shaving 11,95,000 spindles and 7010 looms and provided employment to 4 lakh workers, directly and indirectly. there are 1.02 lakh hand loom. Most of them are found in northen part of Karnatak alone produced 15.10 lakh meters of cotton cloth in 1990-91.

### 3.3 HISTORICAL BACKGROUND OF COTTON MILLS IN GOKAK

Gokak is a town and head quarter of Gokak taluka, which is one of the talukas of Belgaum district. Gokak taluka covered and surrounded with the most cotton growing land. Bailhongal and Saundatti are the cotton centers which are neighboring taluka of Gokak cotton is main crop of this region.

The art of cotton ginning , cotton spinning, weaving and dyeing to the cotton yarn was know to the people of Gokak even before 1885. Gokak was a taluka center even in 1836. Gokak was cotton weaving town in those days. The chief local appliance for cotton spinning was the foot-roller. It replaced the ginning wheel. The local saw-gins were first made in about 1845 in Belgaum district . Mr. Mercer, and

American planter, seceded in making a saw-gin in Dharwad and Mr Channing Balgaum in 1845 when the collector was allowed to grant the request to set up saw-gins at Bailhongal and Saudatti of Belgaum district. In 1850, there were government set up 16 saw gins in 21 towns and villages. Inducing private caromed saw-gins, there were 40 saw-gins in Belgaum district in 1850. The saw-gins were also located in Gokak.

Cotton weaving towns were Gokak, Chikodi, Sankeshwar, Bailhongal, Belgaum, Manihal, Sureban, Yamakanmasadi, Pachqput, Deshbur, Manoli, Gurlho, Bagevadi, Marihal, Sulibhavi and Nesargi. Gokak had experts in dyeing cotton yarn called Bannagers cloth was stamped or printed with wooden blocks in various patterns and colours at Gokak. these particularly at village industry level. The development of cotton mills on large scale basis and railway transport in this region brought cheap mill made goods and imported articles which hampered the growth and development of small scale cotton industries.

The ' Cotton Boom ' that was evidenced in India in the 1860's due to American Civil War, later gave a fillip to the founding of many cotton, textiles and spinning units in Deccan. In the wake of this, in 1881-82 steps were taken for exaction of a cotton mill at Gokak Falls, which is six kilometer away from Gokak. It was the first cotton mills started in Karnataka in 1887. The Gokak mill was set up by a British private share holders company called. The

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Gokak Water Power and Manufacturing company. The Gokak mills set up cotton ginning factory at Sandatti and Gokak in 1808-09.

During world war I, cotton mills of this region suffered loss became of abnormal rise in prices of cotton, cotton yarn and dyes. The hand loom industry was losing ground to power looms. In 1938, it was estimated that there were 500 handlooms in Gokak. Around 1945, Arjunga Krishrisa Satpute of Gokak was producing electricity by using diesel generator to run looms.

The needs of military station at Belgaum created an opportunity for the production of striped cotton bunnions and other varieties. The Government also removed restrictions an yarn distribution in 1952. Gokak mills emerged as the biggest and well established export industry in the region. It encouraged the development of cotton ginning, cotton pressing and weaving units in Gokak. In 1954 Tambake Ginning Factory came into existence at Gokak to supply ginned cotton to Gokak Mills. Methangund Ginning Mills was set up in 1961. four more ginning factories came into existence by 1971. Koragaonkar Ginning and Pressing Factory was set up in 1971. It was the first pressing unit in Gokak. Since Gokak surrounded by cotton growing lands, the urcemiue bumper cotton crop harvest encouraged much the development of cotton mills in Gokak. Cotton bared waste

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plants like mattresses. Manufacturing units cotton rope units etc, also came up in a good number. Availability of cheap labour, electricity fuel, marketing facilities, storage facilities, financial facilities and transport facilities encouraged much the growth of cotton mills in Gokak.

According to the survey conducted for the present study, there are 29 ginning mills, 5 pressing units 4 spinning mills and 2 weaving mills in Gokak . All the ginning and pressing mills are small scale units or industries and spinning and weaving mills are large scale industries. In 1994, Maladinni yarn Ltd was set up. All most all these cotton mills are private sector mills.

#### 3.4 TYPES OF COTTON MILLS

The term 'cotton mill' has the wider meaning. Cotton mill refers to the building fitted with machinery for manufacturing process etc. It has different processing units like, ginning, pressing, spinning and weaving. The mill may have single unit or more than one units. The large scale cotton mill may have more than one processing unit. The basic raw material of the cotton mill is raw cotton. The output of one processing unit or mill is used as the input of the other further processing unit. The development of these units or mills depends on each-others development. Since cotton mills depend on raw-cotton they are considered as agro-based industries.

The cotton-mills or industries can be classified as under :

**[A] ON THE BASIS OF NATURE OF WORK :**

On the basis of nature of work. Cotton mills are classified into five types namely purely ginning mills, purely pressing mills, purely spinning mills, purely pressing mills, purely spinning mills, purely weaving mills and composite mills. they can be studied as under.

**[i] Purely ginning mills :**

Every cotton mill invariably have to undergo ginning process. Ginning means separating or removal of cotton seeds from raw cotton before the cotton can be put into various end products. Therefore, it is a most essential proses. The cotton seeds can be separated or removed from raw cotton with the help of local applicant like saw-gin, or modern ginning machines.

**[ii] Purely pressing mills :**

In order to reduce the bulkiness of the cotton and to facilitate easy transportation, the ginned cotton will be pressed and tied into bale to facilitate better packing. this is also most important process or unit of cotton textile industry. It reduces storage and transportation cast to some extent.

**[iii] Purely spinning mills :**

Spinning is the third important process in

cotton textile industry. Spinning refers to twisting of raw cotton in thread which is called cotton yarn. Through cleaned and pressed ( even combed ) cotton , the cotton yarn will be manufactured or prepared. The quality of cotton yarn, whether coarse or superior quality, depends upon quality of raw cotton. The long staple cotton is considered as superior cotton and the short staple cotton is considered as inferior cotton. The filament length of the cotton is, more 'that tow inches, it is long staple cotton, less than two inches but more than one inch it is medium staple cotton and less than one inch it is short staple cotton.

In India, spinning units found both in Home hold enterprise sector and well organized mill sector. In House hold enterprise sector, different types of charakas are being used to manufacture cotton yarn . These industries are also known as Khadi cotton industries. In the mill sector spinning units or mills, which are large scale industries, use spinning machines to manufacture the cotton yarn. This system help to categories the counts of the yarn for example 105, 205, 100s etc counts.

What is count?

[iv] Purely weaving mills :

Manufacturing or preparing of cloth by using yarn is known as weaving. Weaving of cotton cloth is the final process of the cotton textile industry. Weaving mills are classed into Handloom sector and Powerloom sector Mills.



Automatic looms are introduces in power loom sector. The production capacity of power loom is more than the producing capacity of Handlooms.

**[v] Composite Mills :**

The composite mills refers to the mill which has more than one processing units. For example if "X" cotton mill has ginning, pressing spinning weaving units, it is called composite mills. Mainly composite mills found in large scale sector.

**[B] ON THE BASIS OF OWNERSHIP**

The cotton mills can be classified into four types on the basis of ownership namely private sector, public sector, co-operative sector and joint sector. They are studied as under.

**[i] Private sector :**

Under private sector, the mill or unit or industry or undertaking or organization is exclusively owned and controlled by private individual(s) or company. It may be organized by the sole trading concern or proprietor or partnership or joint stock company. More managerial skill and efficiency are found in private sector. Thus they enjoy more profit then the other sector.

In India, more number of cotton mills are organized by the private sector.

**(ii) Public sector :**

it is also known as government sector. Under this sector, the mill or unit or industry or undertaking or organization is owned and controlled by the state i.e. government . The state may directly set up the undertaking or through nationalization, it imposes its management and ownership over the industry for example. In 1968 the settle government set up National Textile Corporation and nationalized 103 sick cotton textile units.

In India, no public sector cotton mill is running under profits.

**(iii) Co-operative sector :**

Co-operative movement is also introduced in industrial field or sector. Under the co-operative sector, the mill or industry or undertaking will be owned and managed by the co-operative society or organization or association of the people who have the interest of common good. since cotton mill is agro-based industry. It is considered more fruitful if the cotton mill is organized owned and managed by the cotton growers. Therefore government have give first priority to the co-operative sector to start agro-based industry like cotton textile etc.

**[iv] Joint sector :**

In simple terms, the joint sector is a form of partnership between the private sector and the

Government. But the " Dutt committee" ( 1969 ) in its report used the term " joint sector " for the first time as under

(a) Existing private enterprises belonging to the large industrial houses should be brought under joint sector by public financial institutions converting their loans into equity.

(b) The joint sector would include those industrial units in which both public and private investment had already taken place and where the state has already been taking an active part in the direction and control.

(c) A large sized industrial unit in schedule 'B' and 'C' categories, necessitated on account of technical and economic advantages of large scale, should necessarily be in the joint sector to prevent concentration of economic power.

The large scale replacement of the private sector by the public sector is no regarded proper. Hence, a mix of the tow sectors in the joint sector is advocated.

In India, there is no example of cotton mill set up by joint sector.

#### [C] ON THE BASIS OF SCALE OF OPERATION :

On the basis of scale of operation industries are classified into three types namely large scale industry, medium scale industry and small scale industry. The scale of operation or the size of the industry depends on three factors or criteria namely --

1. Employment criteria or number of workers employed in the industry

2. Investment criteria or size of capital investment in industry.

But after 1977, in India, these criteria became vaguely and inappropriate. Now only investment criteria would be taken into account to categorise the size or scale of operation of industries in India. Small scale, medium scale and large scale operation of industry is studied as under.

**[i] Large scale industry :**

The industry which undertakes production on large scale by employing more number of machineries, investing high amount of capital in them, workers and large quantum of raw material. The large scale production is the most important feature of modern manufacturing industries. There is growing tendency among industrial undertakings towards large scale operations because of its several advantages. Low cost, use of its waste by-product in industries, availabilities of credit facilities. etc are the advantages of large scale operation.

Why?

Composite cotton mills, spinning and weaving mills have the large scale operation. In 1991, there are 1062 large scale cotton textiles in India. Of which 781 were spinning mills and 281 were composite mills.

**[ii] Medium scale industry :**

The scale of operation of medium scale

industry is less than large scale industry and more than small scale industry. The capital investment is a less than capital investment in large scale industry and more than small scale industry. The modern ginning and pressing units and powerlooms units come under the category of medium scale industry.

[iii] Small scale industry :

The industry which undertakes production at small scale by employing few machineries, investing less capital item, less number of workers and small quantum of raw-materials. Most of them are found in House hold sector. some have separate buildings. From employment, skill light and import light point of view, small scale industry is play vital role in the Indian economy. But these industries do not envoy all the advantages of large scale industry.

In India, some weaving units like handloom and power-looms ginning and pressing and Khadi cotton industries come under small scale industries categories.

The 1990 Industri policy of India raise the investment limits of large medium and small scale industries. Accordingly the investment limit of large scale industry raised to Rs. 5 crore, medium scale industry less than Rs. 5 crore and more than Rs. 75 lakh and small scale industry, less than Rs. 65 lakh in care of ancillary units. The investment limit of trainee sector raised to Rs. 5 lakh.

The study of classification of industries is essential to formulate necessary economic and industrial policies, to project essential industrial programmes and to study the economic performance of the country.