



Chapter - II

A Brief History of Textile Industry and Organisation

CHAPTER - IIA BRIEF HISTORY OF TEXTILE INDUSTRY AND THE ORGANISATIONA) HISTORY OF COTTON TEXTILE INDUSTRY IN INDIA :

Cotton Textile Industry is one of the oldest industries in the country and it is the most firmly established industry.

PRE-INDEPENDENCE PERIOD : Bombay happens to be the home town of Indian Cotton Textile Industry. First mill in Bombay was established in 1854. In early times the industry could grow because of the availability of cheap labour; but the Swadeshi Movement and the protection granted to it were the other two factors which helped its rapid development in India. Textile Mills in other parts produce much of the coarse cloth while mills at Bombay and Ahmedabad specialise in production of fine cloth. In 1939 there were 389 textile mills and 2,02,464 looms. In 1947 production of cloth was 350 of crore meters and that of the yarn was 59.7 Kilograms.

POST-INDEPENDENCE PERIOD : In post independence period this industry seems to be divided into two parts - organised mill sector and unorganised handloom and power-loom sector. The share of the mill sector in total production in 1951 was 78.6 %. It decreased to 53.5 % in 1971-72.

As against this the percentage of production of the decentralised sector increased rapidly.

In 1972 there were 674 mills in India of this 384 were spinning and 290 composite mills. The total installed capacity in these mills was 1.82 crore spindles and 2.08 lakh looms. It employed 9.47 lakh workers. Its assets were worth Rs. 900 crores, and paid up capital was Rs. 280 crores.

The pattern of production and consumption has undergone a change in this period. Production of Medium, Fine and Superfine cloth was 51.1 % of the total production in 1965, it increased to 59.9 % in 1970. Production of Coarse and Medium B Cloth decreased from 48.9 % to 40.1 % in the same period. Another aspect of the change in pattern of cloth consumption is the increase in the use of synthetic fibres.

At the end of 1977 there were 704 mills with an installed capacity of 198.4 lakh spindles and 2.08 looms. The production of cotton yarn was 84.6 crore Kg. and that of cotton cloth 322.4 crore metres. The decentralised sector produced another 367.9 crore metres of cotton cloth.

GOVERNMENT POLICY : In pre-independence period cotton textile industry was granted protection from foreign competition in 1926. In post-independence period organised mill sector has remained in residual category and thus

development depends upon the private initiative. The Government has adopted a policy of preferential treatment to handlooms and powerlooms. They have been given preferential rates of excise duties. The Government of India has established National Textile Corporation and the Government of Maharashtra has established Maharashtra Textile Corporation to take over and run sick textile mills.

B) PROBLEMS OF TEXTILE INDUSTRY :

1. Non-availability of adequate raw material at reasonable prices is the prime problem of the industry. India depends largely on imported cotton of long staple.
2. Rising prices of cotton textiles is another problem. High cost of cotton, low productivity of labour, use of old and absolute equipment lead to higher cost of production and therefore to higher price.
3. Difficulties in exporting textiles. Higher price has made exports difficult. Entry of developed countries like Netherlands, West Germany, Italy, and Spain has increased competition in the world market. Most of the countries have put quota restrictions on import of textiles, this had limited the scope of exports.

4. Shortage of electricity and coal is a great handicap. In last few years there is a persistent shortage of energy. There has been increasing cuts in supply of electricity. The supplies of coal are very unreliable and the quality of coal received is also not good.
5. Sick Units - Increasing cost, changing demand, increasing competition in the international market are all the factors that make difficult for textile mills to make both ends meet. As a result a number of textile mills had to be closed down.
6. Abolition of incentive for export of cotton textiles. In 1966 Government abolished this scheme and at the same time rupee was devalued. This has given a severe blow to this industry.

The solution to improve the situation of this industry lies in Modernisation of textile mills and in improving the efficiency of the workers.

C) ORIGIN AND GROWTH OF ORGANISATION :

Shri Shahu Chhatrapati Mills was started by beloved King of Kolhapur State, late Shri Shahu Maharaj in 1906. The foundation was laid in 1906 and after a

period of four years, production of cloth started. This mill was started with a view that men from the lower section of the society should be able to buy the cloth conveniently. So it was planned to produce grey cloth in the mills.

Availability of the ample raw material as well as the availability of the market for the finished products provided incentive to Maharaj to start the mills. Even though there was no required humidity in the atmosphere, artificial humidity was created through humidification plant.

Due to the First World War, there was continuously increasing demand for the grey cloth from other parts of the country as well as from some foreign countries. During the period between 1914 to 1918, there was considerable expansion in scale, volume and scope of operations of the mills.

These conditions prevailed upto 1936. Then, conditions changed. The cloth from foreign countries started coming in on an increasing scale. The competition also increased. New techniques of production were introduced in the cotton textile industry and markets were crowded with new and superior cloth. All these factors affected the demand for the grey cloth. The mills had to curtail its production.

In the year 1936, Kolhapur State handed over the management of the unit to James Fineley and Company. New management tried its best to improve the position. But the overall success was not upto the mark. In the year 1948, the Kolhapur State was merged and its property was taken over by the then Bombay State. So the Bombay State became the owner of the unit. However the management was left to James Fineley and Company. Upto 1956, the unit was using steam power. In 1957, electrification was done. Upto this time, spinning department had two shifts while there was only one shift in weaving department. After electrification, the spinning department started all the three shifts, while the weaving department functioned in two shifts.

After the Bombay State Reorganisation Act, 1960, the mills was declared as a commercial undertaking of the State Government. In the year, 1960, the number of spindles increased from 11,560 to 16,000. There were 300 looms in the mills. The mill is being managed through managing agents appointed by the Government from time to time. From 1936 to 31st May 1959 James Fineley and Company was the managing agent. Then Budhagaon Trading Company was appointed as managing agent. Budhagaon Trading Company was later known as M/s. G. R. Natu and Sons Private Limited. This company managed this unit from 1959 to 1st June 1967. There was rapid growth of entire unit both in respect of

quantity of production as well as quality of production during the period of management by M/s. Watu and Sons Private Limited. From 1st June, 1967, management was transferred to Maharashtra State Textile Corporation. The mill continues to be a departmental undertaking of the Government of Maharashtra at present.

D) PRESENT POSITION OF THE MILLS :

(as on 30th June 1989)

1.	Total area of the unit	:	11,69,229 Square Feet
2.	Employees	:	
		a) Permanent	1553
		b) Substitute	412
		Total	<u>1965</u>
		a) Permanent Ladies	51
		b) Substitute Ladies	2
		Total	<u>53</u>
3.	Officers		20
4.	Supervisors		31
5.	Clerk		95
		Total	<u>140</u>

6. Shifts :

- 1st Shift - from 6.30 a.m. to 3.00 p.m.
 2nd Shift - From 3.00 p.m. to 11.30 p.m.
 3rd Shift - from 11.30 p.m. to 6.30 a.m.

E) FINANCIAL POSITION OF MILLS :

All financial transactions of the mill have to be passed through Government account, which is opened by Government in the Reserve Bank of India as "Government of Maharashtra A/c. Shri Shahu Chhatrapati Mills." Every receipt and payment is required to be debited and credited to this account. The account is operated by Maharashtra State Textile Corporation.

WORKING CAPITAL :

The mill has a cash credit account with State Bank of India. The Cash Credit facility to the extent of Rs. 135 lakhs and Rs. 35 lakhs is available respectively at Bombay and Kolhapur offices of State Bank of India. Mill gets bill discounting facility of Rs. 58.5 lakhs from State Bank of India.

STATISTICAL DATA OF THE MILL : (as on 30-6-1987)

Sales	:	Rs. 8,47,00000
Other Income	:	Rs. 6,00000

ASSETS :

Fixed Assets	:	Rs.	1,47,00000
Investment	:	Rs.	22500
Current Assets	:	Rs.	1,99,99,000
Loans and Advances:		Rs.	14,30,000

LIABILITIES :

Secured Loan	:	Rs.	29,52,00,000
Unsecured Loan	:	Rs.	2,95,00,000
Current Liabilities:		Rs.	5,27,40,000
Loss for the year 86-87	:	Rs.	1,58,11,000
Accumulated Loss	:	Rs.	4,90,26,000