

## CHAPTER 2

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### ORIGIN AND GROWTH OF CO-OPERATIVE SPINNING MILLS

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## C H A P T E R 2

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### ORIGIN AND GROWTH OF CO-OPERATIVE SPINNING MILLS

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#### 2.1 HISTORY OF INDIA'S TEXTILE INDUSTRY

In the beginning of human civilisation man used to eat fruits and stay in the hollows of the trees. Naturally, leaves of the trees were used to cover his body. When man learnt the art of hunting, he killed the animals, ate the flesh, used the skin of the animals to cover his body. Thus, first of all the leaves of the trees and the skin of the animals were used as clothing to get protection from cold and hot climate.

Gradually, man learnt the art of tanning of leather from animal skin, which seemed to be the first textile process invented by man in the history of the textile industry. As days passed on, clothing ceased to be a mere matter of necessity and became a sign of comfort and status.

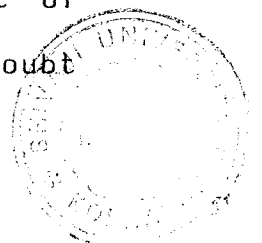
From the tanning of leather from animal skin to the art of spinning and weaving, it must have taken thousands of years. Wool was probably spun into yarn before cotton. Because spinning of cotton involves a knowledge of ginning.

But sheep skin was the natural clothing of nomadic man and spinning of sheep's skin was logically the next stage.

It is not known with certainty when weaving was first adopted by our ancestors. However, it is established that weaving was known about 8000 years B. C. It was more than 6000 years ago that the Egyptians wore their fabrics and it is believed that in the pre-historic times lake-dwellers in Europe made nets from twisted threads. In the ages of Ramayana and Mahabharata, the art of weaving reached a high standard of perfection and beauty. In the vedic ages too, we find a remarkable knowledge of spinning and weaving of wool, silk and cotton.

India has been the home of cotton for ages. From ancient days, India has been a manufacturing nation and an exporter of fine cotton fabrics to all the nations of the world. After the discovery of sea routes to India by Vasco-Da-Gama in 1498, countries namely, Portugal, Holland, Spain, France, and Britain established trading companies for the purpose of purchasing textile goods from India and selling them in Europe.

Before Industrial Revolution, the organisation of textile industry in India was quite different to that of European countries. Spinners and weavers in India no doubt



attained a high excellence in their craft but they never organised themselves into corporate bodies to protect their interest. Nevertheless, the production of textiles was essentially a household enterprise. Production was for use in the village through barter rather than for commerce. As a result, the earning of the textile producers were very poor. However, in those days too, we find that the places like Dacca, Varanasi, Kanjeevaram and Madurai were famous for producing and exporting fine fabrics.

The advent of Industrial Revolution in Britain and its arrival in India, brought an end to India's industrial prosperity. Because, British came to India not for our good but for their goods. This led to the reduction in the Indian export to Britain and then gradually the process was reversed. It is due to this fact that raw cotton was exported to Britain and the manufactured textile goods were imported in India. This made in the latter course India, a market for British goods. As a result, our traditional textile industry was totally destroyed. As against this, British textile industry was prospered but definitely at the cost of Indian textile industry. Therefore, it seems that Indian textile industry came to an end for a number of decades.

## 2.2. GROWTH OF TEXTILE INDUSTRY IN INDIA

[A] PRE-INDEPENDENCE PERIOD :- The idea of starting an organised factory production of yarn and cotton cloth in our country took shape during the first two decades of the 19th century. The first cotton mill was set up in Calcutta in 1818 by an English man. But it did not turn into success. However, the industry made a real beginning in 1854 when a cotton mill was set up in Bombay. In fact, the industry got localised in Bombay and Ahmedabad as would be clear from the fact that in 1911, Bombay city has 33 percent of the total number of mills and provided employment to 45 percent of the total workers of the industry. Ahmedabad had 19 percent of the mills and provided employment to 13.6 percent of the workers. Outside the Bombay city, some mills were located in Sholapur, Baroda and other minor local centres in Bombay State. In the united province (Uttar Pradesh), Kanpur has 5 large mills and dominated the industry of U. P. This pattern of concentration has persisted more or less in the post-independence period as well and Bombay and Ahmedabad continue to be the two leading centres of this industry. Other important centres of this industry are Sholapur, Kanpur, Nagpur, Calcutta, Indore, Coimbatore and Madurai.

[B] POST-INDEPENDENCE PERIOD :- Soon after the Independence, the Government of India recognised the cotton textile industry as an industry of great national importance. As such, all facilities were made available for its development. The Industrial Policy Resolution of 1948 and 1956 left the textile industry for private enterprise moreover, during the planning period, a high priority was given for the development of this industry.

### 2.3 IMPORTANCE OF TEXTILE INDUSTRY IN INDIAN ECONOMY

Textile industry is one of the oldest and most firmly established major industries. At the end of March 1990, there were 1,051 mills in the country (771 spinning mills and 283 composite mills) with 27 million spindles and over 2 lakh looms. The industry provided direct employment to 11.5 lakh workers accounting for 18 percent of the all factory labour totalling 60 lakh workers. Being one of the oldest industry, it has a history of over 150 years. It occupies a unique position in the world export market, where India is second only to Japan in terms of total quantity of export and supplies 16 percent of the world's exports.

The growth of production in the cotton and man-made textile industry is given in TABLE 2.1. It is observed from the table that after 1956, the mill sector has been losing

**TABLE 2.1 PRODUCTION OF COTTON AND MAN-MADE TEXTILES**  
**PRODUCTION OF FABRICS PERCENTAGE SHARE OF SECTOR**  
 (in million mts)

YEAR	MILL SECTOR	DECENTRALISED SECTOR	TOTAL	MILL SECTOR	DECENTRALISED SECTOR
1950-51	3,730	1,010	4,740	79	21
1960-61	4,640	2,050	6,690	69	31
1970-71	4,050	3,550	7,600	53	47
1980-81	3,430	4,940	8,370	41	59
1990-91	2,650	11,000	13,650	19	81

to the decentralised sector, both in absolute and relative terms. The share of the mill sector which stood as 79 percent in 1950-51 came down to 19 percent in 1989-90. Whereas, that of the decentralised sector rose from 21 percent to 81 percent during the same period<sup>1</sup>.

Out of the total capital invested in industrial production as a whole in India, Rs. 675 crores of capital is invested in this industry<sup>2</sup>. It contributes to the Government treasury several hundred crores of rupees annually, in the form of various taxes and other benefits. Thus, we conclude that textile industry in India, occupies a predominant place in the economy and serves as a starting

point of industrialisation of our country. It is so, because it is an agro-based industry and has roots in the native soil.

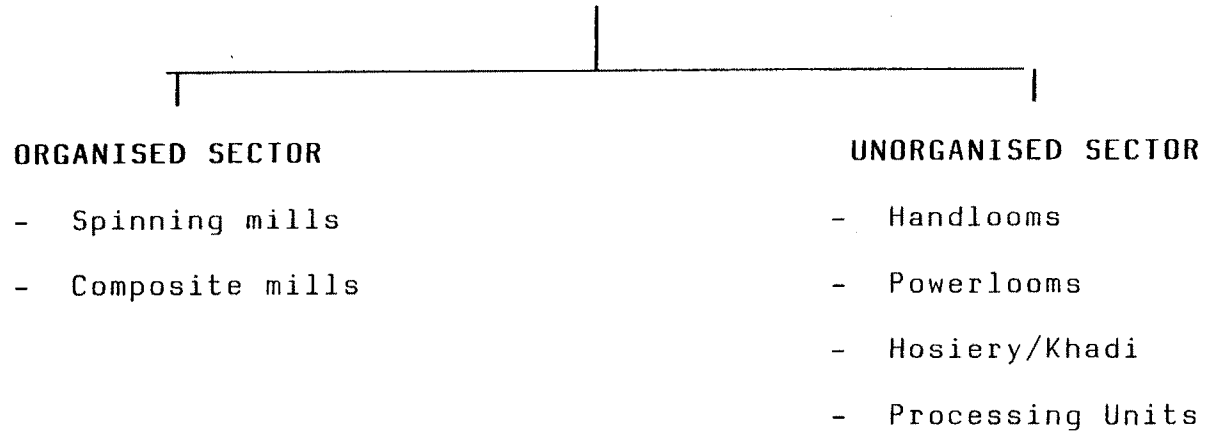
Food, clothing and shelter are basic needs of living textile industry and industry fulfils the need of food and shelter by creating employment opportunities. The job consists of cotton growers, farm workers, workers working in paint and chemical industries, workers working in sizing and processing units, workers working in machine building and equipments required for textile industry also get job. The textile industry is also responsible for the development of allied industries like machinery spares, chemical industries. In this way, industry has wide scope for employment.

#### **2.4 STRUCTURE OF INDIAN TEXTILE INDUSTRY**

The textile industry in India is divided into two sectors namely, organised or mill sector and unorganised sector or decentralised sector. The organised sector consists of spinning mill (producing yarn only) and composite mills (producing both yarn and cloth). The unorganised sector consists of handlooms, powerlooms, hosiery and Khadi industries, and processing industry as shown below.



## TEXTILE INDUSTRY



(1) SPINNING MILLS :- Spinning mills produce yarn from cotton. The yarn is of two types i.e. warp and weft. Weft means perpendicular and warp means parallel to the length of the cloth. Yarn is characterised by "count", a measure of its coarseness or fineness. The higher the count the finer is the yarn and vice versa. Spinning mills provide yarn to the cloth mills, handloom sector, and powerlooms.

(2) COMPOSITE MILLS :- The composite mills on the other hand, are those wherein the fabric is obtained from the fibres and is subsequently processed in the form of dyeing, printing, and/or finishing in the same unit or mill.

### 2.5 ORIGIN & GROWTH OF CO-OPERATIVE SPINNING MILLS

The co-operative movement in India was started as early as 1891 in Punjab. But the co-operative movement in

India began actually in 1904 with the enactment of Co-operative Credit Society Act. However, systematic and integrated programme for development of co-operatives in the field of agriculture credit, marketing, processing of agricultural inputs were developments in the second, third, fourth and fifth five year plans. During the 4th 5 Year Plan, the objective was to encourage the growth of co-operatives integrated development of various types of co-operative organisation. The Fifth Five Year Plan aims at strengthening agricultural co-operatives making consumer co-operatives more viable, correcting the regional imbalance and focussing the activities of the co-operatives more and more on small/marginal farmers and weaker sections of the population.

The co-operative movement has branched out in diverse, such as credit, marketing, processing and storage for agricultural goods, processing, manufacturing and distribution of supplies for small and medium industries, rural electrification and public distribution of goods and food grains. Although, the beginning of the processing industry in the co-operative sector can be traced back to 1917, when a co-operative cotton ginning and pressing unit was established in the Mysore State. The start was however, made after 1908 with the establishment of the co-operative sugar factory at Pravaranagar in Maharashtra State.

Today, the co-operative industry has diversified itself in different directions and sectors of the economic activity. A co-operative industry can take different forms as follows.

- (a) It may be organised by the producers (e.g. co-operative sugar cane growers, co-operative rice mills of farmers, etc.).
- (b) It may be organised by the consumers (e.g. co-operative spinning mills of weavers).
- (c) It may be organised by workers (e.g. industrial co-operatives of self employed people).

The establishment of spinning mill in co-operative sector in India is relatively of recent origin. In 1951, a co-operative spinning mill was established at Guntakal, which is sponsored by Madras State Handloom Weavers Federal Co-operative Society. In 1958, another co-operative spinning mill was registered in the State of Madras with special objective of providing employment mainly to Indian repatriates from Sri Lanka and Burma. By the end of the Second Five Year Plan, as many as 21 co-operative spinning mills have been organised in the country. During the Third Five Year Plan period, the programme for establishment of co-operative spinning mill classed processing co-operatives was launched with the help of the National Development

Corporation of India. As a result by 1973, 24 co-operative spinning mills of cotton growers were registered in the country. Besides the co-operative spinning mills of weavers and cotton growers, a third category came into existence during 1961-62, in which both growers and the weavers were enrolled as members. Such mills were classed as mixed sector mills. At present, there are 102 co-operative spinning mills in production in the country. The statewise position of the mills is given in TABLE 2.2.

## 2.6 CO-OPERATIVE SPINNING MILLS IN KARNATAKA

Karnataka State plays an important role in respect of co-operative spinning mills in our country. At present, there are 102 co-operative spinning mills in India of which 8 co-operative spinning mills are installed in Karnataka.

Karnataka possesses a large number of powerlooms and handlooms. There are about 3 lakh powerlooms in Karnataka which require cotton yarn. Powerlooms have concentrated in sizeable numbers around Davanagiri, Soundatti, Belgaum, Bagalkot, Bijapur, Gokak and Hulkoti in the State of Karnataka. Nearly one-fourth of powerlooms in India are located in Karnataka. Handlooms and powerlooms get their supplies of raw materials i.e. cotton yarn from cotton mills and spinning mills with a view to protect the interests of

**TABLE 2.2** INSTALLED & UNDERINSTALLATION MILLS IN INDIA

(in 1986-87)

STATE	INSTALLED	UNDERINSTALLATION
Andhra Pradesh	7	1
Assam	-	3
Bihar	2	1
Gujarat	5	-
Haryana	1	-
Karnataka	8	9
Kerala	4	-
Madhya Pradesh	1	3
Maharashtra	30	38
Orissa	6	2
Pondecheri	1	-
Punjab	5	1
Rajasthan	3	1
Tamilnadu	17	-
Uttar Pradesh	10	1
West Bengal	2	1
<b>TOTAL</b>	<b>102</b>	<b>61</b>

SOURCE : All India Federation of Co-operative Spinning Mills Limited, Bombay : Annual Report of 1986-87

handlooms and powerlooms. The Government of Karnataka has adopted a number of measures relating to financial assistance, differential rates of excise duties, reservation of certain cloth varieties, etc., for handloom and powerloom weavers in decentralised sector. A notable feature in the history of co-operative spinning mills is in the year of 1968, in which first co-operative spinning mill was established in Karnataka i.e. the Hulkoti, in Dharwar District.

## 2.7 CO-OPERATIVE SPINNING MILLS IN BIJAPUR DISTRICT

Bijapur District occupies a place of pride in respect of co-operative spinning mills in Karnataka. By 1987-88, there were 8 co-operative spinning mills in Karnataka, out of which 3 were in Bijapur District.

Bijapur city had one of the biggest composite mills in India namely, The Bijapur Spinning and Weaving Mills Co. Ltd., which has 25,080 spindles to cover 10,000 handlooms, which will also extend benefits to powerloom weavers to produce the cloth. This mill went into liquidation in the year 1952, which resulted into unemployment of about 625 workers. Thereafter, some of the skilled workers started the handloom and powerloom industry in decentralised sector. Primary Handloom Weavers Societies were formed by handloom weavers.

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There were about 5,000 handlooms. For the fulfilment of this need, efforts were made by the handloom weavers and Bijapur Co-operative Spinning Mill was registered and licenced in 1984. This was completely organised by the handloom weavers co-operative society.

Upto certain extent, the problem of handloom weavers was solved but, the number of powerlooms is also large. There were nearly 5,000 handlooms working in the city. All these powerlooms are owned and run by small artisans and they were spread over in small units at 2 to 4 looms per unit, out of these 5,000 powerlooms.

Bijapur district possess vast land resources, which depends on nature for cultivation. Major portion of land was utilised for the cultivation of cotton in Kharif season in Bagalkot and Banahatti. The cotton growers in these areas face number of difficulties for the sale of cotton in the market. There was a need to give reasonable return to the cotton growers for employment potential and utilisation of land resources. Efforts were made by cotton growers to establish co-operative spinning mill on the producers basis. Thus, the Banhatti Co-operative Spinning Mill was registered and licenced on 3.2.1975 in mixed sector at Banhatti in North Bijapur.



The Bagalkot co-operative Spinning Mill was registered on 30.8.1983 at Bagalkot in Bijapur District.

The Bijapur Co-operative Spinning Mill was registered and licenced on 4.11.1984 at Madha of cotton growers and weavers mill.

Thus, at present, there are 3 co-operative spinning mills installed and functioning in Bijapur District.

R E F E R E N C E S

- (1) Rudder Datta and K. P. M. Sundharam, 'Indian Economy', 29th Edn., S. Chand & Co. Ltd., New Delhi, p. 533, 1991.
- (2) N. R. Aparaji, 'Elements of Economy', Vijay Book Depot, Gadag, p. 139, 1979.
- (3) Ibid