

CHAPTER I

INTRODUCTION OF COTTON TEXTILE INDUSTRY

- 1.1 Historical Perspective And Growth Of The Cotton Textile.
- 1.2 Importance of Textile Industry In Indian Economy.
- 1.3 Contribution of Cotton Textile Industry.
- 1.4 Cotton Textile Industry In Maharashtra.
- 1.5 Objectives Of the Study.
- 1.6 Methodology.

"PROBLEMS AND PROSPECTS OF SICK TEXTILE UNITS WITH SPECIAL
REFERENCE TO "BARSHI TEXTILE MILL, BARSHI".

C H A P T E R - I

I N T R O D U C T I O N

1.1 HISTORICAL PERSPECTIVE & GROWTH OF THE COTTON TEXTILE :

It is believed that cotton manufacturing originated in India Probably around 3000 B.C.. Not only the earliest use of cotton but also the first cotton gin and the first spinning wheel for spinning cotton yarn are believed to have been invented in India. After cotton is harvested in the form of a cotton boll, the lint has to be separated from the seed so that it can be so used to manufacture cotton thread. The first cotton gin used for this purpose was the Indian Charkha gin. It consisted of two rollers turned by hand positioned to closely together that the seed would not pass through. The Charkha gin was suitable only for ginning the short fibre of Indian Cotton. In other parts of the world, where longer fibre of cotton was grown; the separation of the world; where longer fibre cotton was grown; the separation of the lint from the seed was done by hand. After cotton is ginned it is spun into a thread. In early times; spinning was done with the use of two simple implements the distaff and the weighted spindle.

The distaff was a stick on which a mass of fibre was held. The weighted spindle could be suspended and when given a spin; it twisted the fibres from which it was suspended.



lengthened as more fibre was supplied from the distaffs the notch at the top of the spindle at a certain stage the already spun yarn was so wound round the shaft of the spindle and so a hank of yarn was built up. The evenness and thickness of the yarn depended on the skill of the spinner.

The first cotton mill industry in India was established in 1818, that is within two decades of the establishment of the first spinning and weaving mills in England. It was promoted by a British Merchant named, 'Henry Gouger' at Fort Gloster, fifteen miles from Calcutta. But it was not a commercial success and for many years no new undertaking was attempted. Mr. Gouger had appeared before the select committee of the House of Commons mentioned in the previous chapter. His evidence refers to his mill in which 700,000 lbs. weight of yarn was annually spun of nos. varying from 20 to 50. The Cotton used was all grown in India and selected with great care and the machinery was handled by Indian Labourers under European Superintendence. There were 100 power looms but their use was discontinued in order to employ the whole of the power steam for the manufacturer of yarns, which was more profitable. The lower numbers sold rather better than English yarns and the higher number on a par with them. But on the whole the profits of the business were not proportionate to the enormous cost. 'I am inclined to think' said Mr. Gouger. There never will be another manufacturer for spinning cotton yarns in consequence of the great expenses attending the building of the present one.¹

1. Quoted by Dutt R.C. in "The Economic History of India in the victorian age" page 106-107.

The development of the modern cotton textile industry in Indian began with the promotion of the "Bombay Spinning and Weaving Mill" in 1851 by Cowasjee Nanabhoy Davar. It does not appear to have been in working order till 1854. Four years after commencement of the Bombay Spinning and Weaving Mill the oriented Spinning and Weaving company was started by Manockjee Nusserwanjee Patit. The success of this mill led his son. Mr. Dinshaw Manockjee Petit, to start the mills elsewhere around 1860; the Bombay United Spinning and Weaving Company, The Bomaji Hourmusji Spinning and Weaving Mill, The Royal Mill and The Great Eastern Spinning and Weaving Mill. In 1861 Ranchhodlal Chotalal started a mill in Ahmedabad with the help of James Landon.

The decade 1860-70 was not favourable to the growth of the Indian Mill Industry. Following the cessation of the American Civil War in 1865, supplies of American Cotton to Lancashire were resumed, causing a severe trade depression in Bombay. The collapse of credit was so complete that normal conditions were not resorted till 1871. During the 6 years 1865-71 only one new mill was added to the existing thirteen mills in Bombay Presidency. One notable phenomenon of the decade of the 1870's was the 'Bhatia Merchants' coming into eminence in the cotton industry. The Morarji Gokuldas Mill which was ordinarily a jute and wool factory., was converted into a cotton spinning and weaving mill in 1870. The Khatau Mills which were started in 1874 were also operated under the control of Bhatia Merchants. The Empress mill at Nagpur promoted by J.N.Tata in 1874 gave India its first large scale cotton mill organised along scientific and modern lines. Between 1870 and 1875 at least 17

new mills were started. The early stage of its development may be seen in the fact that the Bombay Mill Owner's Association established in 1875 has common office arrangements with the Bombay Chamber of Commerce which was exclusively British.

Thanks to the establishment of the Bombay Mill Owners Association in 1875, some data regarding the growth of the industry are available beginning with 1876. In table is shown the growth of the industry in terms of the numbers of Mills.

Table No. 1

GROWTH OF COTTON MILL INDUSTRY IN 1876-1980

Year ending 30th June	No.of Mills	Year ending 30th June	No.of Mills
1876	47	1920	253
1880	56	1925	337
1886	95	1930	348
1890	137	1940	386
1900	158	1951	378
1905	193	1980	661
1910	197		
1915	263		

(Source :- Millowners Association Bombay.)

In the table are given the number of Mills, Number of spindles and Number of looms for the period 1901 to 1980. The number of mills increased from 193 to 661.

1.2 IMPORTANCE OF TEXTILE INDUSTRY IN INDIAN ECONOMY :

The cotton textile industry presents the Nationalist sentiment of India and is rightly called the 'SWADESHI' Industry because it is developed exclusively with Indian money and management. ¹

The cotton textile industry is the oldest and largest organised industry of India both in terms of gross value of (product) output and in terms of number of workers employed. It may be described as India's most matured industry in the same sense that it is both able to meet India's own largest demand for cotton textile products and has been one of the world's leading textile exporters. The industry has assets worth of Rs. 900/- crores and paid up capital of Rs. 280/- crores. In 1969 total output of the mills was valued at Rs. 800/- crores. It provides direct employment to about 1.19 million men and women. The industry produces 14% of the estimated world production of cotton cloth and 13% of production of yarn. India stands next only to Japan in terms of total export of cotton textile products.

There are at present 723 cotton mills 442 spinning mills and 281 composite mills doing both spinning and weaving.

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1. Biswanath Ghosh : Changing profile of India's industrial Economy, 18th edi. world press pvt.ltd. Calcutta, 1974, P. 408 from 'Swadeshi' movement, P- 22-75.

The size of the mills also varies widely. Some of them are containing 21,779 thousand spindles and 209,681 looms are installed including spinning and composite mills. Out of the total number of mills in India at present 121 mills are located at Bombay and Ahmedabad and 6,141 thousand spindles and 1,10,204 looms are installed in these mills. In general the average size of mills is larger in Bombay and Ahmedabad than those in the rest of India.

This industry has come upto this stage inspite of the fact that it has developed to its present stature by Indian capital advancement in technology and management against powerfull foreign competition and in the face of difference and sometimes the hostility of the British Government in India.

The borth place of cotton textile industry is India. Because the first cotton mill was started in 1818 at Fort Gloster near Calcutta but the attempt was not successful. The first successful attempt was made by a parsee entreprenuer Mr. Kavasji Nanabhai Davar and really the first power mill (Textile) was started in Bombay in 1854.¹

The textile industry is now 130 years old. Since then the textile industry grew slowly but steadily. It had to face heavy odds such as lack of capital resources. Complete lack of technical knowledge., and an unsympathetic attitude of government and several foreign competition. But in spite of these

1. 'Cotton Textile Industry' The Times Of India Directory and year book. Times of India press Bombay. P-129.

handicaps the industry grew.

Till 1925 the cotton textile mills were predominately localised in the city and island of Bombay and Ahmedabad. Initially the cotton textile mills were concentrated in Bombay because

1) Bombay enjoyed excellent transport relations both in regard to raw material and consumers market both internal and international.

2) Initial concentration was facilitated by the presence of rich and enterprising parsi and Bhatia Merchants who possessed beside vast financial resources considerable experience of business management and organisation.

3) Plenty of raw cotton was available in the hinterland of Bombay.

4) Climatic conditions were conducive to the development of the cotton mill industry; cotton spinning requires humid climate and Bombay had its advantage.

5) Being an important trading and commercial centre., Bombay offered financial banking and marketing facilities which were not available at other centres.

Since 1925 the productive activities have been gradually shifting from high wage rate areas like Bombay. Ahmedabad and Madras to low wage rate areas like Coimbatore, Madurai, Kanpur, Jalgaon, Agra etc.. However, upto the time of independence the industry was largely concentrated at these centres.

The factors which were responsible for the expansion of textile industry in 20th century can be largely attributed to the growth of the national spirit and desire for political independance and economic self reliance and the consequent boycott of British goods. The national movement no doubt placed emphasis on Khadi, nevertheless the Indian textile industry also benefited from it.

Further the protection was granted to this industry in 1927. World was II gave a great impetus to this industry. During this period imports of cotton cloth ceased and huge orders for clothing the Allied Armies were placed with the industry. Accordingly peak production of 4850 million yards was recorded in 1944.

In the immediate post war period the textile industry was highly properous. But it had meet incresing demands from the public by running extra shifts. This imposed considerable strain on industry which was already short of equipment and spare parts for many years Rehabilitation and modernisation had assumed considerable importance to meet the needs of an increasing population.

An idea of the structure of the cotton mill industry may be obtained from the following table No. 1.




Table No. 1

STRUCTURE OF THE COTTON MILL INDUSTRY AS ON MARCH 1963

No.	State	No.of Mills	No.of Spindles	No.of Looms Installed	Average No. of workers in all shifts.	Consumption of raw cotton (in bales of 180 Kg.)
1.	Andhra Pradesh	20	4,59,734	1,269	15,944	14,426
2.	Assam	2	23,040	N.A.	1,035	1,171
3.	Bihar	4	38,624	299	1,472	1,302
4.	Gujarat	113	35,35,852	62,769	1,65,664	96,869
5.	Haryana	9	1,91,872	978	9,383	12,522
6.	Jammu & Kashmir	1	12,600	N.A.	N.A.	N.A.
7.	Kerala	23	3,48,751	13,045	9,178	7,632
8.	Madhya Pradesh	22	6,36,222	78,139	45,388	27,804
9.	Tamil Nadu	199	40,07,058	9,287	97,251	91,727
10.	Maharashtra	95	45,55,089	63,511	2,34,324	1,27,233
11.	Mysore	27	6,41,664	5,883	28,821	19,676
12.	Orissa	4	1,00,180	866	5,380	4,435
13.	Punjab	8	1,19,709	1,287	7,498	9,757
14.	Rajasthan	19	3,28,470	2,960	15,159	16,170
15.	Uttar Pradesh	31	9,55,402	13,469	51,416	36,304
16.	West Bengal	41	9,33,754	9,944	46,285	27,519
17.	Delhi	4	1,89,772	3,756	19,707	14,168
18.	Pondicherry	5	1,21,608	2,236	7,932	7,077
All India Total		636	1,71,99,401	2,07,200	7,61,837	5,15,892

SOURCE :

1.3 CONTRIBUTION OF COTTON TEXTILE INDUSTRY :

The cotton textile industry is the oldest and largest organised industry of India both in terms of gross value of output and in terms of numbers of workers employed. It may be described as India's most matured industry in the sense that it has been able to meet India's own largest demand for cotton textile products and has been one of the world's leading textile exporters. The industry has assets worth Rs. 900/- crores and paid up capital of Rs. 280/- crores.

Further the protection was granted to this industry in 1927. World war II great impetus to this industry. During this period imports of cotton cloth ceased and huge orders for clothing the Allied Armies were placed with the industry. Accordingly peak production of 4850 million yards was recorded in 1944.

In the immediate post war period the textile industry was highly prosperous. But it had to meet increasing demands from the public by running extra shifts. This imposed considerable strain on industry which was already short of equipment and spare parts for many years. Rehabilitation and modernisation has assumed considerable importance to meet the needs of an increasing population. With the partition of India in 1947 the major portion of rich cotton growing area in sind and west punjab has gone to Pakistan. As against this 409 out of the 423 textile mills remained with India.

During the first plan the industry expanded both in capacity and output to levels beyond those population planned. As a result of both increased population and higher per capital cloth consumption and rising in-comes during the second plan, the government

and the industry anticipated a rise in demand for cloth . As a part of the programme to encourage hand spinning a 'common production programme' was set up for both the mill and handi-craft sectors. The requirement of cotton textiles at the end of the Third plan was estimated at 9,300 million yards inclusive of 850 million yards for exports. Out of the total target for cotton cloth 9,800 million yards only 3,500 million yards have been allocated as the share of decentralised sector (Handloom, Powerloom and Khadi) to achieve the additional production in the mill sector. It was envisaged that about 25000 automatic looms would have to be installed during the third plan. The production of yarn was to go upto 2250 million by the end of third plan.

The progress made by cotton textile industry during the period 1951 to 1968 is shown in table 3.1 and 3.2.

Table 3.1

PROGRESS OF COTTON TEXTILE INDUSTRY

Year	No.of Spin- ning mills.	Spindles installed ('000)	No.of compo- site mills.	Spindles installed ('000)	Looms installed ('000)	Total No.of Mills	Total No.of Spindles ('000)
1951	103	1843	275	1956	195	378	10,999
1968	350	5195	288	12110	207	638	17,305

Table 3.2

PROGRESS MADE IN THE PRODUCTION OF CLOTH

Year	Mill Sector	Decentralised Sector	Total
1951	1 3727	1013	4740
1956	4852	1663	6515
1961	4701	2372	7073
1966	4239	3097	7336
1967	4097	3179	7276

Source : Eastern Economist & Economic Survey.

In third plan achievement of cloth and yarn product fell considerably short of the target; the shortfall was more pronounced in the case of mill made cloth. Fourth Plan (1969-70 to 1973-74) :- The estimates for the production of cloth in the mills sector by the end of fourth plan 1973-74 were placed at about 5,100 million meters and the production of cotton yarn was expected to go upto 1150 million kg. production of cotton cloths by decentralised sector estimated increase upto 4250 million meters in 1973-74 and greater efforts were also made to achieve these targets.

Some of the disturbing trends of the working of cotton textile industry during the fourth plan are shown in table 3.3.

Table 3.3

PRODUCT OF COTTON TEXTILE DURING 4TH PLAN

(1969-73) (Cloth in million meters/yarn in million kg.)

No.	Sector	1969	1970	1971	1972	1973
A)	Mill Sector	4192	4156	3960	4244	4169
B)	Decentralised Sector	3661	3692	3396	3784	3602
C)	Total Cloth (A+B)	7753	7848	7356	8028	7771
D)	Cotton yarn mill Sector	962	965	882	972	998

SOURCE : (Eastern Economist & Economic Survey.)

But the fourth plan failed to achieve these target extensive power shortage was one of the important causes responsible for failure to achieve fourth plan target.

Fifth Plan : (1974-75 to 1978-79) :- During fifth plan, the overall production of cotton cloth was proposed to be stepped upto 10,000 million meters by 1978-79. In accordance with the policy of encouraging the decentralised sector, a significant share of additional production during fifth plan was allocated to this sector. The contribution of each of these sectors, in the overall production of 10,000 million meters was envisaged as follows ...

Mills	-	5,200 Million meters
Handloom	-	3,000 Million meters
Powerlooms-		1,800 Million meters

In order that the requirements of of yarn for a decentralised sector were adequately met the spinning capacity in the mill sector would be expanded so as to provide a marketable surplus of 580 million kg. of yarn by 1978-79.

The growth of production of cotton textile industry in the period of fifth plan is shown in table 3.4.

Table 3.4

PRODUCTION OF COTTON TEXTILE INDUSTRY

No.	Year	Mill sector	Decentralised sector	Total
1	1973	4083	3863	4946
2	1974	4450	3817	8268
3	1975	4079	4001	8080
4	1976	4161	4238	8399
5	1977	4239	4379	8618

Source : Eastern Economist & Economic Survey.

From the above figures it is stated that anticipated production of total cloth in 1976-77 was put at 8399 million meters and it was feared that the industry may fail to achieve it's fifth plan target of 10,000 million meters of cloth by 1978-79.

Recent Trends Cincludi Sixth plan (1979-80 to 1984-85)

The growth of production (cloth and yarn) in the cotton textile industry in recent years is given in the following table 3.5.

ACTUAL PRODUCTION OF COTTON YARN AND CLOTH BY THE MILL SECTOR

Year	Yarn in (0.000 kg.)	Cloth in ('000) meters
1976	10,05,900	3,880.000
1977	8,46,000	3,223.000
1978	8,12,000	3,251.000
1979	9,52,000	3,206.000
1980	10,58,000	3,476.000
1981	10,15,000	3,147.000

The cloth production has targeted for 13030 million meters for the year 1984-85.¹

The seventh plan has targeted for a production of 14,500 million meters of cloth by 1989-90. The existing capacity of 2.10 lakh looms in the organised sector about 7 lakhs in the power loom and 4 million in the handloom sectors would turn out over 15,000 million meters at the current level utilisation

1. ('Cotton Textile Industry' The Times Of India Directory of year Book, Times of India Press, Bombay. P-129)

Employment in cotton mills in March 1967 (Statewise) is shown in table No. 3.6.

Table 3.6

EMPLOYMENT IN COTTON MILLS IN MARCH 1967 (Statewise)

No.	State	No. of Mills	Employment
1.	Andhra Pradesh	28(2)	14,997
2.	Assam	2	977
3.	Bihar	3	1,403
4.	Gujarat	109(4)	1,78,752
5.	Harayana	7(1)	8,768
6.	Jammu & Kashmir	1(1)	-
7.	Kerala	21(1)	10,319
8.	Madhya Pradesh	22(1)	46,325
9.	Tamil Nadu	187(7)	99,728
10.	Maharashtra	94(5)	2,49,218
11.	Mysore	25	27,244
12.	Orissa	2	5,203
13.	Punjab	8(2)	7,182
14.	Rajasthan	18(3)	14,954
15.	Uttar Pradesh	27(2)	54,734
16.	West Bengal	34(4)	45,125
17.	Delhi	4	19,747
18.	Pondicherry	5	8,405
Total All India		597(33)	7,93,081

N.B.: Figures in the brackets relate to new mills not started working or working partly on staple fibre and included in the total.

Source : Indian Industries Development & Location;
Dr. M.R. Chaudhuri. Page - 158.

1.4 COTTON TEXTILE INDUSTRY IN MAHARASHTRA

Importance of the textile industry in Maharashtra is self evident. The development of the modern cotton textile industry in India began with the promotion of the "Bombay Spinning and Weaving Mill" in Feb. 22, 1854 by C.N.Davar. This successful venture was followed up by other enterprising merchants.

Early 1860 were much favourable to the cotton trade in Bombay. During this period a number of textile mills were established in Bombay and elsewhere. At first Bombay was marked out as the most favourite centre but soon it spread to other places as well cotton textile mills were erected at Nagpur in 1887 by the late Mr. J.N.Tata and at Solapur in 1877 by the late Morarji Gokuldas. Nagpur and Solapur were particularly selected as the new centres of cotton mills because they commanded the cotton zones of Berar and Karnataka respectively.

The British Government was slowly changing its attitude of indifference and discouragement to Indian industries. During the first world war the swadeshi movement also helped the growth of local industries.

The industry is spread to many cotton growing areas such as Solapur, Nagpur, Khandesh, Wardha, Barshi, Amrawati etc.. The princely states of Sangli and Miraj were also able to attract two textile mills within their jurisdiction.

Apart from the textile mills powerlooms were established in large numbers in centres like Ichalkaranji, Bhiwandi, Malegaon and Sangli, Vidarbha area continued to have a large concentration

of handlooms. The location of cotton textile industry in the interior areas of the state was determined by the availability of labour, raw material and the existence of a reliable market in the nearby area. The following table gives a comprehensive idea about the cotton textile industry in Maharashtra in 1933-34.

Table No. 1

THE COTTON TEXTILE INDUSTRY OF MAHARASHTRA IN 1932-33

Centre	No.of Mills	Paid-up capital Rs. in (100,000)	No.of Spindles (1000)	No.of Looms (1000)	Cotton consumed (Candies 1000)	No. of persons employed (1000)
Nagpur	2	192	153	3	28	9
Solapur	6	62	291	6	54	17
Wardha	3	38	69	1	13	4
Barshi	3	28	29	N.A.	6	1
Jalgaon	2	30	34	1	7	2
Other centres	9	154	249	4	48	14
Total	25	508	825	15	153	48

Source : (Economic Conditions in Maharashtra and Karnataka;
Y.S.Pandit, 1936)

Basically this industry is regulated in so many ways by the central government and the state government does not have considerable say in formulating textile policy. We should always take into account this policy constraint. Machinery

of most of the mills in the state including those situated in greater Bombay is in urgent need of replacements by modern equipments. Many mills do not have the necessary resources while the costs of new machinery have gone up many times. In 1959 Government of Bombay had drawn up a scheme to render assistance to units in distress while the Government it self does not propose to advance any loans, it will use its good offices with the State Bank of India to secure working capital and funds for rehabilitation and modernisation from the National Industrial Development Corporation.

Maharashtra leads in rest of the states in India in matters of production of cotton of yarn and of cloths at about $\frac{1}{4}$ of the total production. Following table showing the number of mills in Bombay and rest of Bombay.

Table 2

NUMBER OF MILLS & NUMBER OF SPINDLES & LOOMS INSTALLED

IN MAHARASHTRA

State	No.of Spinning Mills	No.of Spindles installed (in 1000)	No.of Composite Mills	No.of Spindles installed (in 1000)	looms insta- lled (in 1000)	Total No.of Mills	Total of Spin- dles (in 1000)
1.Bombay	1	56	53	3,393	61,924	54	3,449
2.Rest of Bombay	26	644	25	877	15,587	51	1,521
Total	27	700	78	4,270	77,511	105	4,970

Source : Commerce Weekly Bombay Oct. 6, 1984.

From the above figures it is clear that out of the total number of textile mills located in India 105 (including Spinning and Composite mills) mills are located only in Maharashtra and 4,970 thousand Spindles and 77,511 looms are installed in these mills.¹ The cotton textile industry is contributing major portion in the income of Maharashtra and also in the national income of India cotton textile industry maintained the leading position in the employment accounting for 24 percent of the total number of employees in the manufacturing sector in 1978-79 in Maharashtra State.² It means cotton textile industry has provided direct employment to nearly a quarter of factory workers in the state. Thus cotton textile industry occupies a prominent position in the economy of Maharashtra State.

Source :

1. Textile industries in Maharashtra 'Times of India Directory and Year Book, Times of India 1984, P-128.
2. 'Industries In State', Commerce, Weekly, Bombay Aug. 1984, P- 260.

1.5 OBJECTIVES OF THE STUDY .

The objectives of the present study are listed below :

1. To study the problem of industrial sickness with special reference to cotton textile industry in India.
2. With the help of the case study to find out what are the symptoms of industrial sickness.
3. To explore the possibility of identifying exact indicators of industrial sickness in cotton industry.
4. To suggest the remedial measures to solve this problems of industrial sickness.
5. To throw light on the causal factors leading to this sickness.

1.6 METHODOLOGY .

This is basically a study of industrial sickness prevailing in cotton textile industry in India. We have not conducted sample survey. The present study has been undertaken by following case study method. The case study method concentrates on one unit at micro-level and studies the different dimensions of the problem. In this research work, the case study of Jayshankar Textile Mills has been presented with a view to identifying the symptoms of industrial sickness in cotton textile.

Jayshankar Textile Mills has been selected for this study for two main reasons.

1. This textile mill has fairly long history of existence since it was established in the year 1922.

2. Secondly this mill was required to be undertaken under the sick companies ordinance in the year 1972, on account of its lack of management and cash losses for consecutively two to three years.

The present study relies heavily on secondary data which is available in the form of annual audited reports, sales records and production reports. The balance sheets and Profit and Loss Accounts of the said mill have also been consulted whenever necessary.