

<u> CHAPTER – 1</u>

TEXTILE INDUSTRY IN INDIA

1.1 Textile Industry in India: Overview.

Indian textile industry occupies a very important place in our economy as it is the second largest provider of employment after agriculture. Textile industry which has been the backbone to Indian economy, contributes to 4% of GDP and 14% of industrial output with just 1.5% of import intensity the industry is a net foreign exchange earner accounting to almost 1/3rd of total foreign exchange of our country. By providing employment to about 35 million people in the country directly or indirectly, the industry is the second largest employment provider, primarily to weaker sections of the society including women.

It has been acknowledged by one and all that the textile industry was the pioneer of Indian industrialization. Even today it occupies a pivotal position as the clothier of the nation. The textile industry enjoys a weightage of 18% in the index of industrial production in the country. It employs about 11 lakh workers in 2561 textile mills, 60 lakh workers in decentralised power looms about 44 lakh workers in handlooms, 60,000 workers in manmades and 50,000 workers in the textile machinery and component sectors. About 3.5 million workers are employed in cotton farming and processing manufacturing of dyes and chemicals and production textile

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stores and accessories. In addition textile related employment is provided in territory sectors like transportation, banking, insurance and marketing of textile and allied products both at home and abroad. Thus the sweep of textile industry in the national economy is deep and widespread and it touches the daily life of the teeming million of the country in one way or other.

1.2. Textiles Industry in India: Contribution from Economic Point of View:

Cotton, jute, silk and wool are the basic raw materials of the textile industry. While cotton and jute are derived directly from the soil, silk and wool come indirectly. They are animal products.

Cotton textiles are among the oldest industries in India. One can trace it back to the day of Indus civilization when cotton fabrics of India had a great demand even in the countries like Europe and West Asia. The spinning wheel constituted its sole machine, simple but highly imaginative. The modern textile industries in India began first at fort Glaster near Calcutta in early nineteenth century. But it really made a start in Mumbai when a cotton textile mill was set up there exclusively out of Indian capital in the year 1854.

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There are several aspects of the Indian textile industry worth nothing. It is based on indigenous raw materials particularly cotton. In the year 1995-96 the textile industry provided employment to over 64 million persons, next only to agriculture. Thus it is highly significant for a country like India as it is a labour intensive industry. It alone accounts for 4% of gross domestic product. More importantly, it is responsible for 20% of the manufacturing value addition of late it has been fetching one-third of our total export earnings. In 1996-97, India earned nearly 12 billion U.S. dollars.

It is India's most traditional and prestigious industry. While the spinning activity is fairly centralised.

On the other hand, we have the most modern capital intensive and high speed mill produced cloth with the a big market both at home and abroad.

The fabrics i.e. cloth largely produced in three sectors is, i) mills ii) Powerlooms iii) Handlooms. Together they account 98.5 percent of the fabrics produced in the country.

It is interesting to note the share of each the mill sector accounts for only 5.2% of the total fabrics produced in the country. Whereas power looms and hand looms are responsible for 73 percent and 20.3 percent respectively. India also export quality yarn t50 Japan and European community.

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In 1997-98 the country produced 37.4 billion meters of fabrics. The per capita availability of fabrics rose to 30.92 meters in the same year. It was less than 15 meters in 1955-56. At that time it was only cotton fabric. Now the proportion between natural and human made fibre is 50:50.

The total spindles rose by the three times since 1950-51. The spinning mills rose from 378 to 1719 by 1997. The states of Maharashtra, Tamil Nadu and Gujrat lead the country in textiles in a descending order.

The important centres of cotton textiles industry are Mumbai, Ahemedabad, Coimbatore, Maduri, Indore, Nagpur, Solapur, Calucutta, Kanpur, Delhi, Bangelore and Hyderabad of late, readymade cotton garments industry has been developing fast to cater to the foreign markets. They are thus earning precious foreign exchange. One of the problems faced by cotton textile industry in India was the outdated technology of old mills and their industrial sickness. Gradually old technology is being replaced by the new one. We have yet to exploit our huge potential to manufacture quality cotton fabrics for which there is a great demand in the upper social strata of the industrialised countries of the world.

	Number of Mills			Installed Spindles (Million)		
Year	Spinning	Comp-	Total	Spinning	Composite	Total
		osite				
1950-51	103	275	378	184	9.16	11.00
1960-61	121	291	412	1.86	10.19	12.06
1970-71	373	291	664	5.67	12.21	17.88
1980-81	415	278	683	8.92	12.31	21.23
1990-91	777	285	1062	15.14	11.53	26.59
1991-92	846	271	1117	16.68	11.14	27.82
1992-93	874	268	1142	17.23	10.86	28.09
1993-94	909	266	1175	18.14	10.46	28.60
1994-95	1148	268	1416	20.37	10.33	30.70
1995-96	1974	275	2249	22.73	10.07	32.80
1996-97	2233	281	2514	24.63	9.96	34.59
1997-98	2365	278	2643	25.15	9.88	35.39
1998-99	2444	281	2725	26.91	9.76	36.67
1999-00	2486	285	2771	27.45	9.63	37.08
2000-01	2486	281	2561	28.57	9.34	37.91

Growth of textile industry during post-independence period:

Source : Textile Commissioner Office

1.3. Closure of mills in textile industry: Review of studies:

In the recent years there has been unemployment of the workers due to strikes or closure in the textile mills in India. There are various studies on the workers' condition after closure in textile mills. Bhowmik has observed that due to the strike in the textile mills in Mumbai, many workers lost their employment. There are growing sections that have lost their jobs and are compelled to work in informal sector. For these people and their families this change means a reduction in their standard of living and insecure, unregulated employment.

There are mainly two types of employment available in the city's unorganized sector. These are casual or contract labour and self-employment. For the overwhelming majority of those engaged in this sector, both types of employment denote low and irregular income, lack of social security, little regulation in work and absence of legal protection..

Those workers who earned higher wages before the strike showed a tendency of withdrawing their children from school after their income fell drastically. Their conditions are not necessarily unique in the current economic situation. These could be replicated in the cases of other workers in the organized sector who have been laid off or have to leave their jobs due to voluntary retirement or other such schemes. (Bhowmik and More).

There is now a substantial literature on the effects of cotton textile mill closure on workers.(Supriya Roy Chowdhury, Ahmedabad, Jude Howell and Uma Khambhampti, India,Ernesto Noronha and R.N.Sharma's study of

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1999, Kiran Desai, South Gujarat, B.B.Patel Ahmedabad). These studies on the effect of closure on workers reveal certain common conclusions:

1. Levels of unemployment due to job-loss vary between surveys.

2. Age is a barrier to re-employment and retraining.

3.New employment: general characteristics:

Informal sector.

Departure from permanency.

Self employment.

Reduced level of earnings, no welfare provisions.

- 4. New occupations : factory work, small trades and shops agriculture, security services, transport, casual labour.
 - 5.Compensation generally small amount and rarely supplied.

6. Loss of job is a multiple social loss: it is loss of community, credit, dignity and self-respect for workers in smaller towns like Surat, Navsari or Bilimora, getting a mill job used to mean a major improvement in economic and social welfare- closure is correspondingly a social decline. There is also a family adjustment. Children may give up studies. Marriages may be postponed. Wives need to look for work. Job-loss and social practices join hands in making it harder for the workers (Tirthankar Roy).

Jan Breman notes that in Gujarat more than a hundred thousand mill workers lost their jobs as a result of massive retrenchment in the late 1970s in the textile mills of Ahmedabad. These workers, who were once part of the most organized labour force in the country, slid down the labour hierarchy and were forced into the informal sector.

In the first half of the twentieth century there has been development of a powerful trade union movement, the introduction of labour legislation and gradual improvement in the standard of living of the industrial working class in Ahmedabad.

In the unmaking of the industrial working class, the hordes of the jobless joined the already crowded informal sector. Incomes dropped to less than half of the wages earned before. Labour rights fought for by generations of mill workers disappeared overnight and terms of employment were no longer protected by legal codes binding employers to fair practice. Many victims also forfeited the social security provisions, such as health insurance and provident fund allowances that were part of their labour contract. The loss of regular mill jobs affected the social consciousness of people who used to be identified as standing in the forefront of working class politics.

According to Breaman, pushing a huge workforce out of mill employment has caused not only material impoverishment but has also led to the marginalization of people from the mainstream. It led to the strengthening of primordial loyalties, a factor that may have contributed to vicious rioting that swept Ahmedabad in 2002. (Breman Jan).

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In Andhra Pradesh also around thirty thousand employees of state enterprises were relieved of the jobs owing industrial sickness or privatization. These units in some locations were the hub of the economic activity in the region and consequently with closure a larger section of the population in the area are adversely affected. Job loss issue is a new social problem in the context of globalization and privatization and needs to be acknowledged as an important area of policy concern and social mobilization. The problem is not confined to mere government enterprises but also the private sector.

Job loss is both economic and social problem. Antargaon wears a deserted look where a cooperative spinning mill and textile production centre together employing about seven hundred workers was the hub of life in the backyard of Ramagundam NTPC until late eighties. Two decades of struggle and hope to make the cooperative spinning mill was finally given up. The units became defunct and the repatriates who came to work here from Sri Lanka and Burma fled to distant lands in search of work, bread and primordial ethnic bonds.

Other units started along with Karimnagar Cooperative Spinning Mills include Nellore Cooperative Spinning Mills and Rajahmundry Cooperative Spinning Mills where the goal was rehabilitation of repatriates.

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Karimnagar spinning mills failed to take off very soon since its inception. Much before of the final closure in 1991 it was handed over to a private group named A P Yarn Combines Pvt Ltd. Private unit did not run it beyond four months. Reasons for the failure of spinning mill are many. Primarily its installed capacity had to be increased to make it profitable. It did not receive the financial assistance several other spinning mills got. While other spinning mills of similar age in Andhra Pradesh were modernized three times it was modernized only once. It has no history of labour problem and its production was many times far better than other units compared to its installed capacity, claim the workers.

The shift from industrial class to farming and informal sector has been the predominant form of transformation in Antargaon. There is a section, which is attempting to venture into small business and economic mobility through occupational mobility of their children.

Around a thousand families in and around Antargaon had lives inseparable from the spinning and textile units. Although the Antargaon spinning mills was closed in November 1991 the workers were paid VRS after a decade. The technically sound VRS employees seek part time jobs in and around Ramagundam NTPC town. Around one tenth of the VRS employees have sought alternative living in agriculture. One third of the VRS employees are below 45 years age. (M Bharath Bhushan, E Revathi).

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✓ Table 3.7 Closed Processing Units by Ownership Type and its Installed Capacity

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