



## REPORTS AND ENQUIRIES

### Wartime Developments in the Indian Textile Industry

*Among the seven important industries for which, as described elsewhere in this issue<sup>1</sup>, international committees are being set up in accordance with a decision of the Governing Body of the International Labour Office, is the textile industry. India, as one of the world's principal producers of textiles, is included among the countries represented on the committee, which will consider the social problems of the industry during the transition from war to peace and the economic foundations of international co-operation concerning future social policy. In the following pages an account is given, for the Indian textile industry, of its pre-war position, of the changes brought about by the war and by the resulting unprecedented demand for textiles, and of probable future trends.<sup>2</sup>*

The textile industry, comprising the weaving of fabrics of cotton, jute, wool, silk and artificial silk, is one of India's foremost industries. In 1938-39, the last year before the war, the Indian textile industry produced 5,608.5 million yards of cotton cloth, 69.6 per cent. of which was produced by the mills and 30.4 per cent. by the handlooms<sup>3</sup>, and 1,221.5 thousand tons of jute manufactures (including twist and yarn); it gave employment to over a million persons in the mill industry and to about six million persons in the handloom industry; and the raw and manufactured textiles formed

<sup>1</sup> See above, pp. 139-153.

<sup>2</sup> The information on which the article is based is drawn from a number of sources, chief of which are the following:

Official: various issues of *Monthly Survey of Business Conditions in India*, published by the Office of the Economic Adviser, and *Indian Labour Gazette*, published by the Department of Labour, Government of India; also, *Statistical Abstract for British India*, Cmd. 6441 (London, H.M. Stationery Office, 1943); *Report of the Fact-Finding Committee (Handloom and Mills)* (Delhi, Manager of Publications, 1942), which was found particularly useful for the section on the handloom industry; and I.L.O., Studies and Reports, Series B, No. 27: *The World Textile Industry: Economic and Social Problems* (Geneva, 1937).

Non-official: Various issues of *Indian Textile Journal* (Bombay); also *The Indian Year Book and Who's Who* (Bombay, Times of India Press), 1942-1943; and K. S. VENKATARAMAN: *The Handloom Industry in South India*, Bulletin No. 4 of the Madras University Department of Economics (Madras, 1940).

Where other sources have been used, they are mentioned in the course of the article.

<sup>3</sup> The conversion ratio of yarn into cloth for this estimate is 1 lb. of yarn = 4 yds. of cloth in the case of handlooms, and 1 lb. of yarn = 4.78 yds. of cloth in the case of mills.

46.24 per cent. of the value of the total exports by sea from British India. Raw cotton and cotton manufactures constitute the most important part of the textile industry, and within India, owing to economic and climatic reasons, cotton cloth is by far the most popular.<sup>1</sup>

The cotton mills, which include some of the largest manufacturing plants in India, number about 400, with a paid-up capital of 500 million rupees, and employ over half a million workers. Twenty-five years ago they consumed roughly about one third of the Indian cotton crop, whereas since the war they consume over three fifths; and India, with an annual average (from 1934-35 to 1938-39) area under cotton of over 25 million acres and an annual average crop of about 4.7 million bales (478 lbs. each), is the second largest cotton producing country in the world.

## PRE-WAR DEVELOPMENT OF THE TEXTILE INDUSTRY

### *The Cotton Mill Industry*

The Indian cotton mill industry has been growing rapidly since the beginning of the twentieth century. The index of average annual increase in spindleage, however, declined from 48 in 1911-1914 (1907-1911=100) to 42 in 1914-1918 and -13 in 1918-1922; corresponding figures for Great Britain are 52, 26, and -10; for the United States, 67, 58, and 47; and for Japan, 62, 122, and 239. In the four principal textile producing countries the average annual increase in spindleage during the four years following World War I was lowest in India and highest in Japan.<sup>2</sup>

From 1920 to 1940, the quantity of cotton consumed by the Indian mills increased by 88.5 per cent. (from 1,952,318 bales to 3,679,874 bales of 392 lbs. each), the number of spindles installed by 47.9 per cent. (from 6,763,076 to 10,005,705), and of looms installed by 68.1 per cent. (from 119,012 to 200,076). The average yield of cotton per acre also increased from 87 lbs. in 1924-1927 to 93 lbs. in 1938-1941<sup>3</sup>, although compared with other major cotton producing countries it is still very low.<sup>4</sup>

It might be mentioned that the profits of the cotton mill industry also show a considerable upward trend since the last depression. The index of profits (1928=100), which had declined from 99.1 in 1929 to 33.9 in 1933, rose to 90.1 in 1934, 89.0 in 1935, 98.8 in 1936, 137.9 in 1937, and 210 in 1938.

### *Cotton Mills and the Domestic Market.*

The Indian cotton mills have been gradually winning an increasing share of the Indian textile market since World War I.

<sup>1</sup> It is estimated that the proportion of cotton cloth to other fabrics, such as silk, rayon or artificial silk, and wool, consumed in India is 30 to 1.

<sup>2</sup> Cf. *Cotton Facts* (New York, Shearson, Hammil and Co.), various issues; *Lancashire Year Book of Industries and Commerce* (Manchester Courier Ltd.), 1912.

<sup>3</sup> INDIAN CENTRAL COTTON COMMITTEE: *The Indian Central Cotton Committee and its Work* (Bombay, 1942), p. 7.

<sup>4</sup> In 1937-1939, the yield per acre was 269.9 lbs. in the United States, 185.0 lbs. in China including Manchuria, 342.6 lbs. in the U.S.S.R., 531.0 lbs. in Egypt, 165.0 lbs. in Brazil, and 511.6 lbs. in Peru (U.S. DEPARTMENT OF AGRICULTURE: *Statistics on Cotton and Related Data*, Washington, D.C., Dec. 1939, p. 11).

Before 1914, India produced 90 per cent. of the yarn it consumed, but the Indian mills supplied only 25 per cent. of the mill-made cloth consumed in the country<sup>1</sup>, whereas in 1935, 96.0 per cent. (by volume) of the yarn and 76.5 per cent. (by volume) of the piece goods consumed were domestically produced. In 1913-14, of every  $13\frac{1}{3}$  yards of mill-made cloth consumed in India, 10 yards were imported from Lancashire and only  $3\frac{1}{3}$  yards were produced in India, whereas in 1930-31, out of every  $9\frac{1}{2}$  yards of cotton cloth consumed in India only  $1\frac{3}{4}$  yards were imported from Lancashire and  $\frac{3}{4}$  of a yard from Japan and 7 yards were produced in India.<sup>2</sup> Furthermore, a great change took place in the relative as well as the absolute productive capacity of the three countries. From 1909-1913 to 1935-1936, the share of India in the mill consumption of raw cotton (in percentage of the world total) remained about the same (10.2 and 9.7 per cent. respectively), the share of Japan almost doubled (6.6 to 13.0 per cent.), and that of the United Kingdom declined by about two fifths (18.0 to 10.6 per cent.).

As a competitor against British and Japanese goods in the home market, the Indian textile industry first specialised in the cloth most commonly used by the masses<sup>3</sup>, and later turned to the production of finer fabrics, many of which cannot be made from indigenous cotton. From 1929-30 to 1939-40 the total yarn produced in India increased by less than 50 per cent., but the production of yarn of 40 S counts and above increased by no less than 400 per cent.<sup>4</sup> This increase in the production of fine cotton yarn is reflected in the increase in the imports of raw cotton into British India from 134,300 bales (400 lbs. each) in 1929-30 to 474,600 bales in 1932-33 and to 752,900 bales in 1937-38.

### *Regional Shift of the Cotton Mill Industry.*

Although Bombay City is still the main centre of the cotton trade in India, cotton manufacturing has spread to other parts during the last two decades, largely owing to the special advantage of lower freight rates, rents, taxes, wages, etc., enjoyed by Ahmedabad and other inland centres. This dispersion has been accompanied by a noticeable degree of regional specialisation.<sup>5</sup> From 1921 to 1937, for instance, the shift away from the province of Bombay is shown by the decline in the proportion of cotton mills located in this province from 65 to 48.7 per cent. of the total number of mills, in the textile workers employed from 69.6 to 53.1 per cent., in the total yarn spun from 71 to 51 per cent., and in the total piece goods produced from 84 to 67 per cent.

The development of the textile industry since World War I,

<sup>1</sup> "Lancashire and the Indian Market", by A. R. BURNETT-HURST, in *Journal of the Royal Statistical Society*, Vol. XCV, Part III, 1932, p. 424.

<sup>2</sup> *Ibid.*, p. 424.

<sup>3</sup> Grey cloth, shirtings, and coarser qualities of *dhotis*.

<sup>4</sup> "Importance of Indian Cotton and Textiles in World Markets", by Sorabji Dorabji SAKLATVALA, in *Cotton Trade Journal* (Memphis, Tenn., international ed.), 1941, pp. 28-29.

<sup>5</sup> Mills in Bombay and Ahmedabad, for instance, have the fine-count machinery and have taken to the production of finer quality piece goods, whereas mills in southern India, which has a large population engaged in hand-weaving, have developed a thriving spinning industry.

furthermore, has been considerably more rapid in the Indian States than in British India, partly because the industry was in its infancy in the States and partly owing to various advantages offered by the laws and regulations of the State Governments. From 1918 to 1939, the number of spindles installed, for instance, increased in British India from about 6.2 million to 8.5 million, and in the States from 443,000 to 1,313,000. The percentage increases for British India and the Indian States respectively were 48.3 and 97.0 in the number of mills, 77.2 and 326.7 in the paid-up capital, 60.0 and 244.3 in the number of looms, and 37.1 and 196.3 in the number of spindles.

### *The Handloom Industry*

The handloom industry, which supplies about 25 per cent. of the total cloth consumed in India, and employs over 85 per cent. of the textile workers, was estimated to have in 1940 about 2 million handlooms, of which 13 per cent. were idle, and to produce annually 1,989.4 million yards of cloth (including hand-spun yarn), valued at about 728 million rupees before World War II. Classified by types, there were about 64 per cent. throw-shuttle looms, 35 per cent. fly-shuttle looms, and only 1 per cent. of other categories; classified by fabrics, 72 per cent. were engaged in the cotton industry, 16 per cent. in silk, 5 per cent. in wool, 1 per cent. in artificial silk, and 6 per cent. in other textiles.

The handloom industry, furthermore, represents various stages of industrial evolution from independent handicraftsmen to factory labourers. The main systems under which the industry is operating at present are: (1) the independent cottage weaver; (2) the commission agency, where master weavers or cloth dealers employ weavers who operate in their own homes; (3) the cottage workshop, where a master weaver equips the factory with looms and employs weavers; (4) the handloom factory, where the owner conducts the business on modern methods; (5) the co-operative system, where weavers are organised on a co-operative basis for production and sale; and (6) the powerloom factories. This diversification has not only changed the structure of the industry, but has also led to a social stratification in areas where control has passed from the producer to the *sowcar* (financier), who levies a heavy toll for his services. Contrary to the generally accepted idea of hand-weaving as a part-time occupation, the great majority of weavers, except in Assam, are full-time workers. Nor is hand-weaving, except in the backward parts of the country, merely a village industry carried on by independent weavers. As a result of the extension of the market, brought about by improved communications, hand-weavers are now found largely in towns, especially in those parts of the country where production is for distant markets. This has led to a noticeable localisation of the industry, coupled with considerable specialisation.

### *Competition between the Mill and the Handloom Production of Cotton Cloth.*

While the old handloom industry depending on hand-spun yarn decayed during the first half of the nineteenth century, there arose

a new hand-weaving industry which used mill-spun yarn and shared the fluctuations of the mill industry. Up to 1909-10 the annual handloom production of cotton cloth was more than the mill production and in some years nearly double; from 1911-12 to 1914-15, the two became nearly equal; during World War I, the mills gained considerably over the handlooms; and since then the fortunes of the two have been affected by the tariff policy of the Central Government, the *khaddar* (hand-spun and hand-woven cloth) movement sponsored by the Nationalists, and changes in the clothing habits of the people. The following table compares the progress made by the two branches of the industry since the beginning of the twentieth century.

TABLE I. COMPARATIVE PROGRESS OF MILL AND HANDLOOM PRODUCTION, 1901-1939

Quinquennium	Mill production			Handloom production		
	Mill production (million yds.)	Percentage of total Indian production	Percentage of total cloth available for consumption <sup>1</sup>	Handloom production (million yds.)	Percentage of total Indian production	Percentage of total cloth available for consumption <sup>2</sup>
(1) 1901-02 to 1905-06	593	40	14	906	60	26
(2) 1921-22 to 1925-26	1,805	66	41	948	34	24
(3) 1934-35 to 1938-39	3,433	71	61	1,394	29	25
Percentage increase: from quinquennium (1) to (3)	479	—	—	54	—	—
from quinquennium (2) to (3)	90	—	—	47	—	—

Source: *Report of the Fact-Finding Committee, op. cit.*, p. 194.

<sup>1</sup> For the purpose of this column, only retained mill production (mill production less exports) has been taken into account. <sup>2</sup> Exports of handloom cloth not known and hence not deducted from the total handloom production.

The table shows that the mill production increased by 479 per cent. from the first quinquennium (1902-1906) to the last (1935-1939), while the handloom production increased by only 54 per cent. It is significant to note, however, that in spite of the fact that during the same period the proportion of handloom production to total Indian production decreased from 60 to 29 per cent. whereas that of mill production increased from 40 to 71 per cent., the handloom continued to supply about the same proportion (26 to 25 per cent.) of cloth available for home consumption. The gain made by the mills (from 14 to 61 per cent.) in supplying the home market was obviously won at the expense of the foreign competitors.

Thus the handloom industry, which in Japan, in spite of great encouragement, declined rapidly after World War I, and dwindled in several other industrial countries to the production of specialty goods, in India has not only survived, but has actually increased

its production. This is due to the tremendous pressure of unemployment in India, which compels the weavers (like the cultivators) to persist in their occupation even in the face of its decreasing profitability. In several areas handloom production has declined, and in those, such as south India, where it has increased, the reason has been the displacement of throw-shuttle looms by fly-shuttle looms, the average production of which is 75 per cent. greater.

### *Workers in the Handloom Industry.*

The handloom industry employs about 2.4 million full-time and part-time weavers, and about 3.6 million paid and unpaid assistants; the total population, including workers' families, dependent on the industry for livelihood is estimated at about 10 million.

According to the *Report of the Fact-Finding Committee* employment among weavers is low and there are long periods of forced idleness, varying normally from three to six months a year. Their earnings are extremely limited, as the majority, in spite of their skill, receive only the income of unskilled labourers. Before the present war the great majority of weavers earned from 4 to 6 annas (1 rupee = 16 annas) a day, a few of the more skilled 8 to 12 annas a day, and those who were unskilled, only 2 or 3 annas a day.<sup>1</sup> Although handloom production has greatly increased since 1920, the individual earnings of the weavers fell by 40 to 80 per cent. The weavers' economic status is further affected by the fact that the number of independent weavers has diminished, except in certain backward areas, while the number employed in the domestic and *karkhana* (small factory) system has increased. The great majority of the weavers live in a state of chronic indebtedness, brought about by unsound economic conditions and aggravated by improvident habits, and many of them have to mortgage their future labour.

Largely owing to the diversified structure of the industry, there is no effective organisation among handloom weavers. In many parts of the country, there have arisen craft guilds of modern type to help in the marketing of cloth and the maintenance of standards. In recent times, where weavers have been brought together in *karkhanas*, they have organised themselves into unions. In Sholapur, a Handloom Workers' Union is functioning with about 1,000 members on its rolls, and in Mangalore an organised strike of handloom factory weavers in 1937 involved as many as 3,000 workers.

### *The Jute Industry*

Jute, the most important of all the fibres used for industrial and agricultural purposes, is virtually a monopoly of India and ranks among its principal exports. The jute crop is of particular importance to the province of Bengal, which accounts for about 90 per cent. of the total Indian output of raw jute, and where the average value of the crop is estimated at 440 million rupees, or

<sup>1</sup> *Report of the Fact-Finding Committee, op. cit.*, pp. 200-201.

about half the money income of the agricultural community of the province in normal years.<sup>1</sup>

The jute textile industry, which differs from the cotton textile industry in that it is practically confined to a single locality in Bengal, gave employment to 298,967 operatives in 1939, as compared with 347,000 in 1929.<sup>2</sup> Although as a manufacturer of jute cloth and bagging India does not enjoy anything like its monopoly as a producer of raw jute, in 1934 the Indian jute mills consumed over half of the world's jute crop. From 1932-33 to 1938-39 the mill consumption of raw jute increased by 30 per cent., or from 5,002,000 bales (400 lbs. each) to 6,463,062 bales. India generally consumes only 20-25 per cent. of its jute manufactures, and exports the rest.

### *Other Textiles*

Other Indian textile industries, such as the woollen and silk industries, play a negligible part in the world market. In 1934, India produced about 2.7 per cent. of the world total of raw wool (greasy basis) and consumed 1.5 per cent. of the world total of available supply. From 1930 to 1939, the number of woollen mills increased from 17 to 41, and of spindles from 78,162 to 81,370.

In 1931-32, India produced only about 1.5 per cent. of the world total of raw silk and silk wastes. The sericultural industry is found in several Indian States, in particular, Mysore and Kashmir, the latter producing the highest quality of raw silk in India.

### *Foreign Trade in Textiles*

In 1938-39, textiles constituted 46.2 per cent. (by value) of the total exports of merchandise by sea from British India and 19.3 per cent. of the total imports by sea into British India. The chief exports, in order of importance, were jute manufactures, cotton (raw and waste), and raw jute, all three together accounting for 91.3 per cent. of the total textile exports; the most important import item was raw cotton and cotton goods, which amounted to 77.6 per cent. of the total textile imports.

India's largest pre-war export market for cotton manufactures was Burma, followed by Malaya and Ceylon, importing in 1939-40, respectively, 110, 29, and 24 million yards of Indian piece goods. Burma was also the major market for yarn, and purchased in 1937-38, 1938-39, and 1939-40, respectively, 9, 12, and 15 million pounds of yarn. A substantial market which had been built up in Egypt by 1937-38 was almost eliminated in the following year owing to the imposition of restrictive import tariffs.

### *Labour in the Textile Mills*

According to the Indian census of 1931<sup>3</sup>, the actual number of workers (earners plus working dependants) listed under the textile

<sup>1</sup> "Monthly Fluctuations in Raw Jute Prices", by V. G. PENDHARKAR and G. D. MATHEUR, in *SANKHYA: Indian Journal of Statistics* (Calcutta), Vol. 6, Part 3, June 1943, p. 265.

<sup>2</sup> *Report of the Royal Commission on Labour in India*, Cmd. 3883 (London, H. M. Stationery Office, June 1931).

<sup>3</sup> Occupational statistics for the census of 1941 are not yet available.

industry including subsidiary occupations was 4,102,136, of whom 2,531,411 were males and 1,570,725 females. Employment figures, based on statistics of factories subject to the Indian Factories Act, show that in 1938, out of 1,014,028 workers employed in the textile industry (perennial and seasonal), 517,617 were in the cotton mills and 295,162 in the jute mills.

The textile workers, who began to organise in 1918, the year which really marks the beginning of the trade union movement in India, are among the better organised workers in the country. Statistics on the working of the Indian Trade Unions Act show that, from 1930-31 to 1938-39, the number of textile unions increased from 16 to 75, their membership from 19,153 to 136,931, and the percentage of textile workers to the total membership of the registered trade unions from 8.7 to 18.3 per cent. The number of man-days lost from industrial disputes in the textile industry (cotton, woollen, and jute mills) in British India fluctuated from 1,202,465 in 1932 to 4,483,965 in 1934, 1,378,154 in 1936, and 6,541,128 in 1938.

It might be mentioned that the demand for factory legislation in India arose largely to improve labour conditions in the cotton mill industry. The textile workers are protected by the Central Government's legislative measures such as the Indian Factories Act, the Payment of Wages Act, the Workmen's Compensation Act, the Indian Trade Unions Act, and the Indian Trade Disputes Act, and by the provincial legislation, such as the Maternity Benefit Acts in various provinces and the Bombay Trade Disputes Act.

#### WARTIME CHANGES IN THE TEXTILE INDUSTRY

The effect of the present war on the Indian textile industry differs in one important respect from that of the last war. During World War I, the Indian textile industry acquired an enormous home market at the cost of its erstwhile competitors, since the production of Indian mill cloth increased by 33 per cent. in 1918-19 as compared with the pre-war average, and the Indian imports fell from 2,600 million yards (pre-war average) to 1,100 million yards in 1918-19. Before World War II, the Indian textile industry was already satisfying the bulk of the domestic requirements; from 1934-35 to 1938-39, mill production supplied, on the average, 61 per cent. and the handlooms 25 per cent. of the total cloth available for consumption in India. The war has led to an unprecedented demand on the textile industry. With its rising tempo, particularly with Japan's entry as a belligerent, there has been an immense increase in the demand for the rapidly expanding armies, in civilian consumption, and in the exports to neighbouring allied and neutral countries, particularly those in the Middle East which were formerly supplied by the United Kingdom or Japan.

#### *Changes in Foreign Trade*

With the outbreak of the war, India's trade with the enemy countries naturally came to an end, and that with the neutral and allied countries was severely restricted because of shipping diffi-



culties and the steep rise in freight and insurance charges. At the same time, the demand for the export of cotton piece goods was greatly increased. The following table shows the volume of foreign trade in the major textiles during the war.

TABLE II. FOREIGN TRADE IN IMPORTANT TEXTILES  
(RAW AND MANUFACTURED), 1938-39 TO 1943-44

Year	Exports of textiles from British India			Imports of textiles into British India		
	Raw cotton (thousand bales of 400 lbs. each)	Cotton piece goods (million yds.)	Raw jute (thousand tons)	Jute manufactures (including twist and yarn) (tons)	Cotton manufactures (cotton piece goods) (million yds.)	Raw cotton (thousand bales of 400 lbs. each)
1938-39	2,702.8	177.0	690.6	956,302	647.1	539.7
1939-40	2,947.9	221.3	570.0	1,078,321	579.1	468.5
1940-41	2,167.5	390.1	243.5	924,118	447.0	498.1
1941-42	1,437.5	772.4	314.7	898,468	181.6	770.1
1942-43	301.0	819.0	242.8	619,282	13.1	490.6
1943-44	281.5	461.5	177.4	634,359	3.6	426.1

Source: *Monthly Survey of Business Conditions in India*, Vol. XI, No. 12, Mar. 1944.

It will be seen from table II that, from 1938-39 to 1943-44, the exports of raw cotton declined by 93.3 per cent. (from 2,702,800 to 281,500 bales), of raw jute by 74.3 per cent. (from 690,600 to 177,400 tons), and of jute manufactures by 33.7 per cent. (from 956,302 to 634,359 tons). As the annual export of cotton to Japan averaged during the three years before 1938-39 about 1.8 million bales<sup>1</sup>, most of which consisted of short staple cotton, its disposal became a serious problem after December 1941.

The export of cotton piece goods, however, rose from 177.0 million yards in 1938-39 to 819.0 million yards in 1942-43 and declined to 461.5 million yards in the following year. From 1938-39 to 1943-44, the increase was 160.7 per cent; during the same period, the export of cotton piece goods from the United Kingdom fell by 72.2 per cent., or from 1,393 million square yards in 1939 to 374 million square yards in 1943.<sup>2</sup> The textile markets gained by India during the war in Africa, the Middle and Near East, and Oceania were formerly supplied largely by the United Kingdom and to a less extent by Japan.

Table II also shows that, from 1938-39 to 1943-44, the imports of cotton piece goods into British India declined from 647.1 million yards to the comparatively negligible quantity of 3.6 million yards, and the imports of raw cotton from 539,700 bales to 426,100 bales.

### *The Wartime Demand for the Armed Forces*

The amount of cotton cloth purchased by the Supply Department of the Government of India increased from 300 million yards

<sup>1</sup> Sorabji Dorabji SAKLATVALA, *loc. cit.*, p. 29.

<sup>2</sup> *Statistics Relating to the War Effort of the United Kingdom*, Cmd. 6564 (London, H.M. Stationery Office, 1944), p. 24, table 22.

in 1939-40 to 600 million yards in 1940-41 and to 1,000 million yards in 1941-42<sup>1</sup>, and remained about the same in 1942-43, constituting about 25 per cent. of the total mill production in that year (4,109.3 million yards). It was estimated that in 1942 the Indian cotton industry supplied the armed forces of India and the United Nations with 1,000 million yards of cotton cloth and many miscellaneous items requiring 120 million pounds of cotton yarn.<sup>2</sup>

The Indian textile industry has made a considerable contribution to the wartime demand for tentage. Although small quantities of canvas tents are made in Australia and South Africa, by far the largest number of tents for the Eastern Group countries as well as for the Middle East and the Far East centres of war have been supplied by India, apart from the substantial quantities required by the armed forces within the country. Before the war, only five firms in Cawnpore had been manufacturing the special pattern tents required for the Army, whereas in 1940 about 53 new factories were established in the vicinity of port towns. Before 1938-39, the annual purchase of tentage for the armed forces amounted to about 1 million rupees, whereas in 1939-40 it increased to about 10 million rupees, in 1940-41 to about 85 million rupees, in 1941-42 to about 130 million rupees, and in 1942-43 to an estimated 160 million rupees.<sup>3</sup>

The war has also increased the demand for the products of the cottage and small-scale handloom industries, and the Supply Department of the Government of India found it useful to draw upon the small industries to supplement the mill supplies. For instance, the Supply Department placed with the handloom woollen industries orders for 1,880,000 blankets in 1941-42 and for 2,847,300 blankets in 1942-43.

### *The Cotton Textile Directorate.*

The formidable problem of Army clothing and equipment under wartime conditions was solved by the Government in co-operation with the textile industry. Panels with representatives of the industry and the Government were organised in order to co-ordinate purchase, planning, and production as closely as possible. During the first eighteen months of the war purchases for the services had been made by the normal peacetime method of tender, which virtually broke down as a result of the increasing disparity between the prices which the Government was prepared to pay and those which were obtainable in the open market. A special Cotton Textile Directorate was established, along with panels which link it with the main producing centres, such as Bombay, Ahmedabad, Cawnpore, etc. The purchase programme of the Directorate for

<sup>1</sup> Figures up to 1941-42 are from the Memorandum submitted by the Federation of Indian Chambers of Commerce and Industry, New Delhi, to the Commerce Member, Government of India, on 22 Dec. 1942, cited by D. R. GADGIL and N. V. SOVANI: *War and Indian Economic Policy* (Poona, Gokhale Institute of Politics and Economics, 1944), p. 86, table 15.

<sup>2</sup> It may be mentioned that some 16,000 items in all are made for the armed forces from cotton textiles of one kind or another. Annually, not less than 3 million lbs. of sewing thread have to be made for this purpose.

<sup>3</sup> G. W. TYSON: *India Arms for Victory* (Allahabad, Kitabistan, 1943), p. 204.

the year February 1942 to January 1943, for instance, amounted to 750 million rupees.<sup>1</sup> Each panel, on being notified of the Government's requirements and the prices to be paid, allocates the production quota to each mill within the panel's jurisdiction. Attached to the Planning Section of the Directorate there is a Technical Section, with a staff of practical spinners, weavers, and dyers who visit mills and assist them in their production problems. In order that its requirements may be adequately met, the Government gives every possible assistance to the industry not only to ensure supplies of raw materials, stores, dyes, chemicals, coal, etc., but also to provide technical assistance to those with little experience in manufacturing Government materials to the exacting standards demanded by the defence authorities. The system of securing war supplies for the Government by the co-operative effort of the accredited representatives of the textile industry on the All-India Panel, the executive organisation of the Government, as represented by the Cotton Textile Directorate, and the defence authorities, as represented by the Controller-General of Inspection and his organisation, has proved so successful that such an organisation might have a wider application in the immediate post-war period.

### *The Wartime Production of Textiles*

In order to meet the wartime demand for textiles, the Government has attempted to assure a maximum production of cotton textiles through control and rationalisation of the industry, the aim being that each mill should produce to its maximum capacity by working, if necessary, three shifts of 7½ hours each, and should manufacture goods for which it is specially suited. The following table shows the wartime changes in the production of cotton piece goods and jute manufactures.

TABLE III. PRODUCTION OF MAJOR TEXTILES, 1937-38 TO 1943-44

Year	Mill consumption of Indian cotton in India (thousand bales of 400 lbs. each)	Cotton piece goods (million yards)	Jute manufactures (including twist and yarn) (thousand tons)
1937-38	2,866.5	4,084.3	1,311.6
1938-39	3,106.3	4,269.3	1,221.5
1939-40	3,030.9	4,012.4	1,276.9
1940-41	3,338.1	4,269.4	1,108.1
1941-42	3,938.6	4,493.5	1,258.8
1942-43	4,033.8	4,109.3	1,042.3
1943-44	4,301.0	4,842.4 <sup>1</sup>	937.8

Source: *Monthly Survey of Business Conditions in India*, Vol. XI, No. 12, Mar. 1944.

<sup>1</sup> Provisional figure.

### *Raw Cotton and Cotton Textiles.*

It will be seen from table III that the annual mill production of cotton piece goods during the first four years of the war fluctuated mildly around the level of 1938-39 and, according to the provisional

<sup>1</sup> G. W. TYSON, *op. cit.*, pp. 195-196.

estimate, was expected to increase by almost 15 per cent. in 1943-44. In comparison, the mill production of cotton piece goods from 1937 to 1942 in the United Kingdom declined from 3,806 to 1,850 million square yards (excluding made-up goods), in the United States increased from 9,321 to 12,000 million square yards, and in Canada rose from 245 to 350 million square yards.<sup>1</sup> Some of the reasons for the small increase in the Indian production of cotton textiles in the face of tremendous demand are the shortage of coal, an inadequate supply of mill stores and textile accessories, and the lack of skilled technical staff. The progressive decline in the production of textile goods in the United Kingdom, on the other hand, is largely due to the increasing diversion of the textile operatives into the war industries and the armed forces.

The available figures indicate that in 1942-43 the Indian textile industry ranked second in the world as regards the volume of cotton consumed and fifth in point of spindles and looms installed. From 1938-39 to 1942-43, the number of cotton spindles installed increased from 10,059,370 to 10,130,568, and that of cotton looms installed decreased from 202,464 to 200,890.

Increased demand, together with rising prices, has stimulated the manufacture of subsidiary textile products, such as bobbins, starches, chemicals, and other auxiliaries. Textile machinery has been wearing out rapidly under the strain of increased production, and the imports from the United Kingdom fell from 26,951 tons in 1938 to 7,887 tons in 1943.<sup>2</sup> Owing to the wartime shortage of some of the spares for textile machinery, India now makes all the necessary powerloom parts and also dyeing, bleaching and finishing equipment, but it is difficult to say to what extent local production has met the needs of the mills.

Although, as table III shows, the mill consumption of Indian cotton increased from 2,866,500 bales in 1937-38 to 4,310,000 bales in 1943-44, the export of raw cotton fell from 2,730,400 bales to 281,500 bales. This led to serious repercussions on the producers of cotton, particularly of the short staple variety. After Japan's entry into the war, the Indian Central Cotton Committee recommended that the existing acreage under short and fair staple cotton should be forthwith reduced by at least 50 per cent. The Central Government not only announced in January 1942 the creation of a special fund, known as the Cotton Fund<sup>3</sup>, from the proceeds of the levy of an additional duty of one anna per lb. on all imported cotton with a view to assisting the cotton growers who suffered most heavily as a result of the war, but also started a country-wide "Grow More Food" campaign, advising the agriculturist to reduce the area under short staple cotton and to grow food grain instead. As a result, the area under cotton declined from 24,615,000 acres (the annual average from 1936-37 to 1938-1939) to 18,812,000 acres in 1942-43, or by 23.5 per cent., and to 19,261,000 acres in 1943-44, or by 21.7 per cent. as compared with the pre-war average; the corresponding

<sup>1</sup> BOARD OF TRADE: *Report of the Cotton Board Committee to Enquire into Post-War Problems* (Manchester, Nicholls and Co., Jan. 1944), p. 34, table 14.

<sup>2</sup> *Textile Mercury and Argus* (Manchester), Vol. CXI, No. 2902, 3 Nov. 1943, p. 465.

<sup>3</sup> *Gazette of India Extraordinary*, 29 Jan. 1942, p. 166.

figures for raw cotton are 5,659,000 bales, 4,554,000 bales (decrease of 19.7 per cent.), and 4,934,000 bales (decrease of 12.9 per cent.).<sup>1</sup>

### *Raw Jute and Jute Manufactures.*

Table III also shows that jute manufacture, including twist and yarn, decreased from 1,311,600 tons in 1937-38 to 937,800 tons in 1943-44, or by 28.5 per cent. This fall in production was caused largely by the lack of shipping facilities for the export trade, which is the mainstay of the industry. Although the decline in exports was compensated to a considerable extent by the Government orders for sandbags, the stocks at about the middle of 1942 were such as to necessitate a reduction of working hours from 60 to 54 a week, and in order to ease the situation further, it was decided to seal 10 per cent. of the looms.<sup>2</sup>

As compared with the average pre-war (1936-37 to 1938-39) jute acreage of 2,980,000 acres, there were 3,333,000 acres in 1942-43 (increase of 12.5 per cent.) and 2,602,000 acres in 1943-44 (87.8 per cent. of the pre-war average); corresponding figures for the production of raw jute are 8,387,000 bales, 9,062,000 bales (increase of 8.1 per cent.), and 6,949,000 bales (82.8 per cent. of the pre-war average).<sup>3</sup>

### *Sericulture.*

Unlike the jute industry, the Indian silk industry has been affected favourably by the war. In the State of Mysore, for instance, the area under mulberry increased from 38,480 acres at the end of June 1941 to nearly 57,000 acres at the end of December 1942, and a scheme was launched for increasing the production of filature silk required for the manufacture of parachute fabrics and components. Under this scheme, besides 1,300 basins privately financed, the Government of the State of Mysore agreed to put up a filature of 200 basins at the cost of about 284,962 rupees to the Government of the United Kingdom, and to supply all the silk produced in that filature to the Government of India, which is to bear the entire cost of training the labour and supervisory staff necessary for operating the plant.

In the State of Kashmir, where the sericulture industry provides part-time occupation for over 50,000 rural families and whole-time occupation for about 4,000 urban families, plans have been made for its further extension. In Jamu and Kashmir, a programme involving an annual expenditure of 125,000 rupees for a period of three years for the extension of mulberry plantations was launched in 1943.

<sup>1</sup> D. R. GADGIL and N. V. SOVANI, *op. cit.*, p. 121 (the 1943-44 figures are estimates).

<sup>2</sup> The restrictions on production became effective from 18 May 1942, and were cancelled by a resolution adopted at a meeting of the Indian Jute Mills Association on 12 Mar. 1943, which allowed a 60-hour week, with all looms functioning, in order to meet a large demand from the United States Government for which shipping space was immediately available; this relaxation, however, was temporary and member mills were required to give effect to the restrictions in May 1943 (*Annual Report of the Committee of the Indian Jute Mills Association, Calcutta, for 1943*).

<sup>3</sup> D. R. GADGIL and N. V. SOVANI, *op. cit.*, p. 121.

*Artificial Silk.*

The imports of artificial silk, which were valued at 21,607,000 rupees in 1938-39 and at 37,521,000 rupees in 1936-37<sup>1</sup>, came largely from Japan, Italy, and Germany. The war has led to an examination of the possibilities of establishing the rayon industry in India. Most of the raw material for the manufacture of rayon is available in the country, but there is a lack of the needed machinery. Rayon staple fibre, furthermore, can be substituted for the long staple cotton, now imported, which is not grown in India. The investigations carried out by the Indian Central Cotton Committee, assisted by the Industrial Research Bureau of the Central Government, into various aspects of the industry are preparing the way for its establishment in the country.

*Civilian Supplies*

In spite of the slight increase in the mill production of cotton textiles during the war, the supplies available for civilians continued to diminish with the progress of the war, owing to the increasing demand for the armed forces, rising exports, and declining imports. The following table shows the amount of clothing, excluding handloom production, available for civilians from 1938-39 to 1942-43.

TABLE IV. CIVILIAN SUPPLIES OF MILL-MADE COTTON CLOTH,  
1938-39 TO 1942-43  
(in million yards)

	1938-39	1939-40	1940-41	1941-42	1942-43
Supplies					
Mill production in India	4,269.3	4,012.5	4,269.4	4,493.6	4,109.3
Imports	647.1	579.1	447.0	181.6	13.1
Total supplies	4,916.4	4,591.6	4,716.4	4,675.2	4,122.4
Demand					
Exports (including re-exports)	192.7	238.0	433.6	857.6	835.3
Purchase by Supply Department	—	300.0	600.0	1,000.0	1,200.0 <sup>1</sup>
Total supplies not available for civilian consumption	192.7	538.0	1,033.6	1,857.6	2,035.3
Net supplies available for civilian consumption	4,723.7	4,053.6	3,682.8	2,817.6	2,087.1

Source: *Monthly Survey of Business Conditions in India*, Vol. XI, No. 12, Mar. 1944. For figures for purchases by the Supply Department: D. R. GADGIL and N. V. SOVANI, *op. cit.*, p. 86.

<sup>1</sup> Estimate.

It will be seen from table IV that the net supplies of mill cloth available for civilian consumption fell from 4,723.7 million yards

<sup>1</sup> These figures include yarn and piece goods made entirely of artificial silk as well as goods of artificial silk mixed with other materials.

in 1938-39 to 2,087.1 million yards in 1942-43 or by 55.8 per cent. As compared with this, the civilian consumption of clothing in the United Kingdom in 1941, 1942, and 1943 was approximately 40 per cent. below the pre-war level.<sup>1</sup> In the United States, the index for consumer expenditure in 1939 dollars on clothing (1939=100) increased to 113.2 in 1941 and 120.6 in 1942<sup>2</sup>; a similar trend was shown in Canada.

The maladjustment between supplies and the demand for clothing was further accentuated by the unsocial activities of speculators, hoarders, and profiteers, and by the increasing monetary incomes resulting from growing governmental disbursements of all kinds, both on India's own and on the Allied account, which amounted to 6,930 million rupees in 1943-44, the total outlay since the outbreak of the war being 17,650 million rupees.<sup>3</sup> As a result, the index of wholesale prices of cotton manufactures rose from 100 in August 1939 to 442 (estimated) in March 1943<sup>4</sup>; and during the same period "ex-mill" prices of different types of cotton piece goods increased by 329 to 375 per cent. Some of this increase may be attributed to the rise in the cost of production: according to Mr. N. R. Pillai, Secretary to the Commerce Department of the Government of India, between April 1941 and March 1943, the index number of the price of raw cotton increased by about 70 per cent., of wages and fuel by about 60 per cent., and of all mill stores by about 175 per cent.<sup>5</sup> The cause for the increase in the price of cloth beyond what might be due to the rise in the cost of production must be sought in the physical shortage of goods in relation to current demand. The wartime inflation, furthermore, had risen to a maximum about the middle of 1943; the general index of wholesale prices increased from 100.3 in August 1939 (19 August 1939=100) to 220.1 in March 1943.<sup>6</sup>

The Government of India planned, as early as September 1941, to provide standard or utility cloth<sup>7</sup> for the use of the poorer sections of the population at uniform low prices throughout the country, but the attempt was not successful. Furthermore, a series of control orders designed to stabilise the prices of raw cotton and to combat speculative trading were issued as a preliminary to the introduction, in June 1943, of the Cotton Cloth and Yarn (Control) Order<sup>8</sup>, the first really comprehensive control programme to be initiated in India. The Order not only provides for control of the

<sup>1</sup> The index of civilian consumption was 100 in 1938, 100.5 in 1939, 84 in 1940, 60 in 1941, 60.5 in 1942, and 59.5 in 1943 ("Changes in Consumption, 1938-1943", by J. L. NICHOLSON, in *Bulletin of Oxford Institute of Statistics*, Vol. 6, No. 13, 23 Sept. 1944, p. 221).

<sup>2</sup> "Consumption and Rationing in the United States", by J. GOLDMAN, *idem*, Vol. 5, No. 14, 9 Oct. 1943, p. 223.

<sup>3</sup> RESERVE BANK OF INDIA: *Report of the Central Board of Directors for the year ended the 30th June 1944* (Bombay, Times of India Press, 1944), p. 5.

<sup>4</sup> *Idem*, *Report on Currency & Finance for the Year 1942-43*, p. 72, statement II.

<sup>5</sup> Although Mr. Pillai stated that he could not vouch for the accuracy of all his figures, these are the most reliable figures available (*Council of State Debates*, Vol. I, No. 5, 2 Mar. 1943, p. 223).

<sup>6</sup> Cf. *International Labour Review*, Vol. L, No. 6, Dec. 1944, pp. 736-750: "Wartime Inflation in India and its Social Repercussions".

<sup>7</sup> *Dhotis, saris, and shirtings.*

<sup>8</sup> *Gazette of India Extraordinary*, 17 June 1943, pp. 407-408.

prices, production, and sale of cotton cloth and yarn, and for prevention of the hoarding of cloth by manufacturers and dealers, but also establishes a Textile Control Board for the control of the industry during the war and possibly the immediate post-war period.<sup>1</sup> By this programme the Government planned to produce approximately 2,000 million yards<sup>2</sup> of standard cloth within twelve months and to allocate it, at a uniform stabilised price, to the various provinces and States on a population basis. One result of this measure was that by August 1943 the price of cloth fell in some of the retail markets by more than 40 per cent. and the hoarded stocks of cloth began to appear on the market.<sup>3</sup> By June 1944, cloth prices had been reduced on an average by about 60 per cent. and larger supplies of cloth were made available for civilians.<sup>4</sup>

It was reported in September 1944 that in 1944-45 over 25 per cent. of India's woollen production, hitherto entirely devoted to the needs of the armed forces, might be released for civilian consumption.<sup>5</sup>

### *Textile Workers in Wartime*

The following table shows the average daily number of workers employed from 1938 to 1943 in the cotton and jute mills and in the

TABLE V. AVERAGE DAILY NUMBER OF WORKERS IN THE TEXTILE INDUSTRY, 1938-1943

	1938	1939	1940	1941	1942	1943 <sup>1</sup>
Cotton mills (Government and local fund mills)	517,617	488,554	490,815	595,695	611,025	652,163
Jute mills	295,162	298,967	303,777	310,624	309,962	302,304
Grand total for the textile industry	1,014,028	985,180	993,320	1,122,947	1,123,056	1,148,835

Source: *Indian Labour Gazette*, Vol. I, No. 2, Aug. 1943, pp. 43-47; Vol. II, No. 3, Sept. 1944, pp. 90-94.

<sup>1</sup> Provisional figures.

entire textile industry, including both perennial and seasonal factories, Government and local fund (municipal) factories, and rope works, but excluding the clothing industry.

<sup>1</sup> The Board, which has a non-official chairman, consists of 25 members, of whom 15 represent the millowners, two the consumers, two labour interests, one the handloom industry, one transport, two distributors, one the East India Cotton Association, and one the Indian Central Cotton Committee (*Indian Textile Journal*, Vol. LIV, No. 638, Nov. 1943, p. 59).

<sup>2</sup> This quantity represents one third of the normal annual consumption of cloth in India and is equivalent to five yards for every man, woman, and child.

<sup>3</sup> Cf. Viceroy's address to the Joint Session of the Council of State and the Legislative Assembly (*Legislative Assembly Debates*, Vol. III, No. 6, 2 Aug. 1943, p. 260).

<sup>4</sup> RESERVE BANK OF INDIA: *Report of the Central Board of Directors for the year ended the 30th June 1944*, op. cit., p. 6.

<sup>5</sup> *Times of India* (Bombay), 5 Sept. 1944.



Table V shows that from 1938 to 1943 the number of workers employed in cotton mills increased by 26.2 per cent. (from 517,617 to 652,163), in jute mills by 2.4 per cent. (from 295,162 to 302,304), and in the entire textile industry by 10.7 per cent. (from 1,014,028 to 1,148,835).

The number of man-days lost through industrial disputes in the textile industry in British India was 2,461,061 in 1939, 6,049,519 in 1940, 2,217,342 in 1941, and 5,293,027 (provisional figure) in 1942. The large increase in 1942 was partly due to political strikes, particularly in the Bombay textile mills.

By far the most frequent cause of industrial disputes has been the great increase in the wartime cost of living. Since the beginning of the war the textile workers have been paid a cost-of-living bonus, which has been higher in Bombay and Ahmedabad than in any other centre. From January 1940 to March 1943, the working class cost-of-living index (August 1939 = 100) for Bombay rose from 109 to 198, and for Ahmedabad from 111 to 237, while the cost-of-living bonus to the cotton mill workers increased from 3.1 rupees to 23.5 rupees a month in Bombay and from 3.5 rupees to 46.1 rupees a month in Ahmedabad. The average monthly rate of the cost-of-living bonus for the whole period in Bombay was 7.8 rupees, or 24 per cent. of average earnings, while in Ahmedabad it was 9.1 rupees, or 26 per cent. of average earnings.

The wartime demand for textiles has also led to a considerable increase in the earnings of the handloom weavers, as the finished product of the handloom industry has not been subjected to price control, although the price of mill-made yarn, which forms the handloom weaver's principal raw material, is strictly controlled.

In view of the unemployment among jute workers caused by the wartime reduction in jute manufactures, the Indian Jute Mills' Association evolved a plan of rationalisation effective from 1 July 1944, under which an industrial pool was constituted for paying the idle labourers at the rate of 3 rupees per week plus an amenity allowance of 1.25 rupees per week, and for refunding to the mills the cost of subsidy on foodstuffs provided to such workers. The scheme was to be financed out of a cess per loom-hour worked by the mills (those electrically driven and the steam driven ones still in operation) and the contribution paid by the Government as a compensation for the requisitioned mills.<sup>1</sup>

#### FUTURE TRENDS

The wartime prosperity of the Indian textile industry is largely the result of the cessation of competition from the United Kingdom and Japan, the heavy requirements for the armed forces, and the stimulation of exports to markets deprived of their normal imports from other countries. For the duration of the war, the heavy demand on the textile industry for military requirements and for exports will probably continue and the supply of clothing available for civilian consumption will tend to remain restricted, although to a less extent than it was in 1943.

<sup>1</sup> *Eastern Economist* (New Delhi), Vol. 3, No. 14, 6 Oct. 1944, p. 397, and No. 15, 13 Oct. 1944, p. 429; *The Leader* (Allahabad), 11 Oct. 1944.

*Immediate Post-War Period*

In the immediate post-war period any increase in the production of cotton cloth in India will probably be negligible. On the one hand, some increase might be effected because of the probability that the coal and mill supplies situation will be improved; but on the other, the replacement of textile machinery, a major factor in production, will be needed, according to one estimate, to the extent of 50 per cent. in the case of spinning machines, power looms, and sizing machines, and it is unlikely that such a volume of accumulated demand can be met by imports in a short period, particularly when the world demand for such machinery will be greatly increased and the world supply very much limited.

As regards foreign trade, the probability is that the imports of textiles will not increase to the pre-war level, and that the commercial exports will not decline. Japan will not be an effective force; and, according to the Report of the Board of Trade's Cotton Board Committee, the United Kingdom will take some time to attain its pre-war production level<sup>1</sup>, although exports might expand more rapidly than the increase in production. The United States, whose textile production will probably not increase beyond the wartime level, will have to meet the accumulated replacement demand at home and the requirements of the United Nations Relief and Rehabilitation Administration (UNRRA) abroad. Moreover, India, as the second greatest producer of cotton piece goods in the world, will have to supply a considerable share of the post-war clothing relief. It will therefore retain, at least for a short period after the war, its status, acquired under wartime emergency, as a net cotton textile exporting country.

As to the home market, there is a vast accumulation of unsatisfied replacement demand for clothing. The effectiveness of this demand, however, depends on the volume and diffusion of wartime savings, which, largely because of low levels of income and wartime inflation, will be very small as compared with Canada, the United Kingdom, and the United States.

*Long-Term Trends*

The long-term developments in the Indian textile industry are difficult to assess because of the numerous unpredictable factors affecting the world economic and political situation. The future position of the industry in foreign markets, for instance, is difficult to determine. Two major problems, namely, the exploitation of the home market and the competition between mills and handlooms, however, may be discussed briefly.

*The Home Market.*

The consumption of textile goods in India, which is the largest potential market for the Indian textile industry, is considerably below what may be regarded as a reasonable minimum, and below what fairly well paid workers in the more industrialised countries

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<sup>1</sup> *Report of the Cotton Board Committee to Enquire into Post-War Problems*, op. cit., p. 42.

have been accustomed to consume. The annual average consumption of cotton cloth *per capita* in India was 13.03 yards in the decade 1909-10 to 1918-19, 12.44 yards in 1919-20 to 1928-29, and 14.16 yards in 1929-30 to 1938-39. Compared with this, the estimated annual cotton piece goods consumption per head in linear yards in 1929 was 64<sup>1</sup> in the United States, 37.7 in Canada, 35.0<sup>1</sup> in the United Kingdom (in 1934), 30.6 in Malaya, 21.4 in Japan, 19.1 in Egypt, 18.9 in Brazil, 16.9 in Iraq, 12.6 in the Sudan, 12.1 in Ceylon, 11.8 in Nyasaland, Kenya and Uganda, 10.4 in the Netherlands Indies, 10.0 in China, 7.6 in Tanganyika, and 5.9<sup>1</sup> in British West Africa.

If India's total wartime production of cloth, roughly estimated at 6,000 million yards per year, were consumed within the country, the annual consumption per head would be slightly over 15 yards<sup>2</sup>, which is considerably less than the *per capita* consumption in 1929 in the United States, Canada, the United Kingdom, Malaya, Japan, Egypt, and Brazil. It might be mentioned that various reconstruction plans devised for the industrialisation of India will, apart from increasing the textile demand for industrial purposes, add to the people's purchasing power, which, in turn must increase the effective demand of consumers: analysis of wage earners' family budgets in different countries shows that the expenditure on clothing tends to increase, absolutely as well as proportionately, with a rise in income<sup>3</sup>, and this seems to be equally true in the case of families with higher incomes.

### *Role of the Handloom Industry.*

The Indian cotton mill industry, which has been expanding mainly at the expense of foreign imports, has reached a stage, postponed by the war, of acute competition against the handloom industry, which, left to itself, will perhaps dwindle to the position of a small handicraft concentrating on the production of a few specialty cloths. The *Report of the Fact-Finding Committee*, however, maintains that in an industrially backward country suffering from chronic unemployment a labour-using and capital-saving industry such as the handloom industry has a special function to discharge as it provides employment for a large number of people and helps to mitigate the unequal diffusion of purchasing power<sup>4</sup>, considered to be one of the main reasons of India's poverty. Decentralised production is not so uneconomical or inefficient as is often assumed, and hand-weaving is particularly suited to Indian conditions. The hand-weavers' cost of production is estimated to be only about 10 to 15 per cent. higher than that of mills in many

<sup>1</sup> Sq. yds.

<sup>2</sup> The population of India was 388,998,000 in 1941 as compared with 338,119,000 in 1931, an increase of 15 per cent. in a decade (*Abstract of Tables giving the main statistics of the Census of the Indian Empire of 1941*, Cmd. 6435, H.M. Stationery Office, London, Mar. 1943, p. 7).

<sup>3</sup> Cf. I.L.O.: *Year Book of Labour Statistics*, 1943-44 (Montreal, 1945), table XXIII, pp. 214-217.

<sup>4</sup> While the proportion of the wage bill to the total cost of production in mills is at most 25 per cent., it forms about 40 per cent. in hand-weaving with mill-yarn and nearly 75 per cent. in hand-weaving with hand-spun yarn.

lines of staple production, and even this difference is claimed to be due to the enhanced cost of yarn to the weavers resulting from middlemen's charges. The Report emphasises the complementary character of mills and handlooms, and recommends co-operation between the two in order that the linking of the handlooms with the spinning and finishing mills may effect a combination of the economies of machine production and large-scale enterprise with the economies of the domestic system. To facilitate this, it recommends the establishment of an Indian Handloom Industry Board, a semi-public corporation similar to the Milk Marketing Board in the United Kingdom, with a governing body comprising Government officials, representatives of the handloom industry, and leading businessmen with long experience in textile problems. The three functions of the Board, namely, research, supply of raw materials, and marketing, would be under three separate committees.<sup>1</sup>

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Considering the volume of its production, the value of its foreign trade, and the number of workers it employs, the Indian textile industry is of outstanding importance in the national economy. But problems such as those mentioned in the above pages do not arise in India alone. The textile industry is pre-eminently international. While each country must cope with its own particular problems, there can be no complete solution unless there is international agreement. Textile mills are not only found in many countries but they are highly interdependent, since only a few of the leading textile producing countries have necessary raw materials. Before World War II, for instance, five countries, namely, Brazil, China, Egypt, India, and the United States, produced over 80 per cent. of the total world supply of ginned cotton, and, in turn, depended on world manufacturing activity for the sale of their raw material. The countries exporting cotton textiles are actual or potential competitors in all markets, although there is a considerable range within which they are non-competitive in practice. Obviously the development of the textile industry and trade is an important factor in the evolution of world economy, and the proper co-ordination of the world textile industry is essential if it is to be sufficiently expanded to ensure an adequate supply of textile products for the masses of the people in every country.

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<sup>1</sup> The Government of India recently decided to set up a Board of this kind (*Gazette of India*, 17 Feb. 1945, Part. I, Sec. 1, pp. 206-207).