

POST—WAR TEXTILE INDUSTRY

by

Karumuttu Thiagarajan

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POST—WAR TEXTILE INDUSTRY.

India, needless to say, was once, even before the Eighteenth Century famous for its textiles. In spite of adverse circumstances, it has not lost this field, but still stands on a level and ranks with countries that are free and highly developed. This is, indeed, a matter for pride and satisfaction.

The hand-loom industry in India thrives in spite of power-looms. No power-loom has so far been invented to produce certain fabrics that are made by hand-looms. So they are surviving. If machine-made warp were supplied to poor weavers it would relieve them of the laborious task of preparing their own warp. It would, indeed, be a great help to the cottage industry. The Sree Meenakshi Mills has given a fair trial to hand loom industry for the past ten years, and it is a great success.

Coming to spinning, there has been an unprecedented boom in recent years with 40 counts selling at about Rs. 45/- per bundle of 10 lbs. But the Charka, despite this golden opportunity, has not prospered! Is it not then futile to expect this “modern” invention—or rather revival of an ancient device—to survive? Sooner or later it is bound to die a natural death. In 8 hours one can produce only 2.4 ozs. of 20s yarn with the Charka, but with the help of machinery he can within the same time produce as much as 345 ozs. Shall we prefer the old slow bullock cart for long distance to a fast train or a motor car? Evidently not. So we have to depend upon machinery to produce the yarn required to clothe our four hundred millions. Does this mean that men become slaves to machinery?

Is it because of this that no works exist in India to produce the simple machinery required for spinning yarn? Why not take a leaf out of the marvellous development of Iron and Steel Works by Tatas? Thanks to Kirloskar,

power-looms are made in India. The state will do well to start new industries instead of nationalising the existing ones. It is certainly high time that works are established in India to make spinning machinery. Till works are established in India to make textile machinery, only finer parts such as fillets, spindles, rings should be imported from abroad, others being made in India. Now even cast iron weights required for weighting the Rollers, are imported from abroad. Can there be a greater folly than importing cast iron weights that can be made by fourth rate workers in India ?

After all, high drafting has come to stay. The three rollers have been increased to four in order to obtain high drafting. This small improvement could be secured without an additional roller, merely by reducing the diameter of the bottom middle roller and in placing it above the plane of the back and front-roller instead of in the same plane and by employing a central roller of suitable weight, diameter and surface character of average conditions. Here increase of rollers from three to four or five is a poor imitation of the great scientific invention of high-drafting by Casablanca.

Even after the invention of Water-tube Boilers and Steam Turbines the old Lancashire Boilers and Steam Engines were made and sold for a long time when water-tube Boiler and Turbine could be bought for the cost of the freight of a Lancashire Boiler and Steam Engine, or even for the erection cost of the two. As early as 1924 the writer predicted to the very makers and agents of Lancashire Boilers and Steam Engines that these had their day and must soon give way to the more scientific invention of water-tube boilers and steam turbines; and accordingly, though it was then a risk, they were introduced in The Sree Meenakshi Mills with great success. Similarly the writer is confident that the present imitations of Casablanca will disappear in the near future.

With Casablanca high drafting, the Roving, and also the Intermediate Frames can be eliminated. This will not only save the initial high cost of two Intermediate and four to six Roving Frames, but also the valuable space as well as power, and particularly labour for this unnecessary back process. This cannot be done with other high drafting systems.

Casablanca system without Intermediate and Roving Frames has been adopted with great success in The Sree Meenakshi Mills upto 42 counts for the past four years. Japan is adopting this system upto 100 counts. To this fact, and not to State subsidy or exchange as was wrongly thought, was due the secret of Japan dumping yarn and cloth in India.

The sketch below gives specification and arrangement of an ideal lay-out for an economical unit of 25200 spindles for spinning 16 to 40 counts (an average of 24 counts).

Is it not a tragedy to lay out mills in India for counts above 50 before we have improved our quality of Cotton?

Should not the country utilise its own raw material and resources? Is it not the height of folly to export our Cotton and to import finished fabrics made of them from abroad? Why export our Cotton and again import foreign Cotton? Is this wisdom or economy?

The mills should be located well outside towns and villages in their own interest and in the interest of the public. They must have an ideal colony of their own under an obligation to provide quarters for workers, school and hospital. The necessary land for factory and colony should be acquired by the State.

For new industries India should send students abroad for necessary technical qualification and training and also get experts thence to train workers in India to improve and develop such industries.

Or shall we sleep as in the past, in the vain hope that as a result of advanced science the world will soon face a depression with over-production?

On a much firmer basis must we found our soild hope.

Madurai, }
March, 1946. }

KARUMUTTU THIAGARAJAN.

INDUSTRY KILLED

by

Karumuttu Thiagarajan

INDUSTRY KILLED

“Killing the goose that lays golden eggs” aptly describes the policy of our “National” Government towards Industry.

A press communique recently issued by the Government of Madras threatens to amend the Industrial Disputes Act and enhance the punishment of employers for the non-implementation of awards and to take powers to prevent the closure of mills.

When Government have no power or machinery for the purpose, and cannot possibly enforce the award on Labour, is it just or proper to enforce it on the Industrialist alone? Will this not be one-sided? It would seem so, legislating, as it does, against a minority that is today looked down upon with envy and contempt! The Government do not seem to realise that but for the few Industrialists who had built up cotton mills in India, the people would today practically go naked in spite of the Charka. So the Industrialists are to be rewarded by our Ministry with heavy punishment for the sin of building up Industry! Thus the pledge of the Congress Government to protect the minority is fulfilled by the might of a packed majority in the legislature by adopting violent measures and making them the laws of the country.

It is most painful that Government should think of enhancing the punishment of the employers instead of protecting them from the attack and violence of ungrateful Labour misled by mischievous communism. Unless communism of this type is suppressed the Industry will die and the country will soon become bankrupt. Are not the communists responsible for the closing down of Choolai Mills with 40,164 spindles and 774 looms for the past *one decade*?

The press communique adds that the Government wish to make it clear that the Tribunal gave its awards only after taking into consideration all matters relating to the dispute concerned, *including the capacity of the Industry to pay, and it is not open* to individual management to declare lock-outs merely because their profits are below those they have been accustomed to.

The proof of the pudding is in the eating. If the Industry has the capacity to pay the wages recommended by the Tribunal why should mill after mill close down. The Government say it is because the profits are low. A responsible Government should not make meaningless statements which they cannot possibly substantiate. The Industrialists are not mad men to close down mills because profits are low. *Any* profit is better than nothing. The fact is that mills *have* to close down because they can no longer bear the mounting loss.

It is an admitted fact that coarse spinning is not paying. Associations, Chambers of Commerce and other bodies (excepting the Labour Unions) have made repeated representations for an increase in the price of coarse yarn. The Government of Madras also have recommended to the Central Government an increase. The Central Government are trying to solve this problem for the past fifteen months but to no purpose. *The Tribunal itself says that the capacity of the Industry to pay is no consideration for determining the wages (vide page 7 of the Award).* In spite of these facts is it justifiable and does it become the Government of Madras to make the statement that the Tribunal had taken into consideration the capacity of the Industry to pay and that the mills are closed down because the profits are low? We do not know whether we have to pity the Government that make such irresponsible statements or what to think of all this.

When the Tribunal was appointed, the writer in his letter dated the 16th July 1946 to Mr. Giri, the then Minister for Labour and Industry, welcoming the Tribunal, pointed out that the task was too great for a single individual, and suggested a committee consisting of the representatives of Industry and Labour, with an expert, presided over by an eminent jurist assisted by a technical Secretary. The Tribunal that was appointed to decide a highly complicated matter was a one man show and that by an old lay-man. This gentleman does not know the difference between a carding engine and a ring frame, and he has decided the facts of the Industry by compiling a report extracting phrases from the technical books, and enhancing the wages by 100% in addition to *equal* share with the shareholders. The Government have blindly accepted his recommendations. When Labour rejected the three months' bonus recommended by this very Tribunal and accepted by the Government, the Government afraid of communists, unjustly revised their decision and forced industry to pay five months' bonus. Now when the Industry finds it impossible, without dead loss, to implement the award, the same Government wants to enhance the punishment. Is this justice?

The Tribunal has fixed a *minimum* basic pay of Rs. 26/-, and a dearness allowance of 3 annas per point increase (cost of Living Index) which today works at about 34 rupees per head. Thus the total minimum wage for *unskilled* mill labour comes to 60 rupees per head besides the *equal* share in the profit. Compare this wage and dearness allowance with those paid by Government. The basic pay for the menial staff in Government Departments is only Rs. 16/- with a dearness allowance of Rs. 16/- and a house allowance of Rs. 5/- total Rs. 37/-. What a contrast! The State that can turn paper into currency notes, should set the example. Instead, the

State is liberal and free only with the purse of others, while it flatly denies a living wage to its employees. The Tribunal has not taken into consideration the wages prevailing in other Industries, and generally, in the country.

However, if there had been free trading, or, atleast, a reasonable price had been fixed, the Industry would willingly pay the enhanced wages ; but the prices of coarse counts are today below cost and no reasonable Government can ask one to lose. While the Coarse spinning is subjected to a loss, the fine spinners, dyers and weavers are each allowed a margin of over five rupees per bundle of ten pounds. This is far from justice and equity, nay it is a scandal. The mills in Northern India mostly do fine spinning, and, further, have bleaching, dyeing and weaving, and so they are well off. Without increasing the price of cloth, the margin could be evenly distributed among the fine and coarse spinners, dyers and weavers. Again, the complaint of the public is not that prices are high, but there is great difficulty in getting anything at the controlled prices.

The little freedom enjoyed by Industrialists is now lost after the attainment of independence.

Most Indian Mills in our Presidency are now worked under the surveillance of Government. Controllers are appointed *only* to counter-sign gate passes. How this unnecessarily expensive expedient maintains production and stops black marketting, for which purpose, it is stated, they are appointed, is beyond the comprehension of any sane man. This interference with Industry betrays the ignorance of a lay man. The pity is that large public funds are *wasted* without any benefit.

The Government do not realise the fact that the only solution for increased production is to ban fine counts spun from imported cotton. Bonus for production above a target figure will also help production.

If artificial controls are removed, the black market will automatically die and prices will find their natural level.

The sooner the Industry and the public are freed from the strangle of control, the better it is for the Industry and the country.

The policy of the Prakasam Government gave a rude shock to the proposed new mills, and few are likely to recover from it. Out of 3,41,000 spindles allotted to our province, it is not likely that even 1,00,000 spindles will be installed. Industrialists are now alarmed at the attitude of Labour and Government, and have lost all enthusiasm for Industry. So the Government that talk of nationalisation of Industries have now an opportunity of putting it into practice by accepting the lapsed quota of spindles and starting State owned mills. Will they?

The Industry of the country will be doomed unless it is in charge of an expert in the Cabinet or the Cabinet is advised by a practical Industrialist.

MADURA,
7th November, 1947.)

KARUMUTTU THIAGARAJAN.

MANAGING AGENCY.

Industry in India earnestly yearns for fairness, equity and justice.

But owing to some black sheep existing among the Managing Agents, as everywhere, the whole system that has been responsible for the growth of industry in India is being condemned by the public and indirectly penalised by the State by drastic legislations, such as the one now before the Parliament.

It is unhappy that many Companies are not worked for the benefit of share-holders. It is also a pity that the remuneration taken by the Managing Agents in many cases far exceeds the total dividend declared to the share-holders and in a few cases it over-balances the total salaries and wages paid to the staff and labour. It is also regrettable that sometimes the large remuneration appropriated (or misappropriated) by Managing Agents adds to the heavy loss of the Company. Again it is sad to see that Companies are floated by laymen who contribute neither character nor capital nor technique entitling them to manage the Company and in such hands industry suffers not a little. All this is worthy of lament.

Therefore, a suitable legislation to protect the investors from such abuses is very necessary.

So a simple legislation—that the share-holders should get a minimum dividend of 6 per cent on the subscribed capital before the Managing Agents become entitled to any remuneration, that their remuneration should not exceed the total dividend declared, that they should have a holding of atleast 25 per cent of the subscribed capital to ensure their interest in the Company, that they should not continue in

office if the Company fails to declare a dividend of not less than 3 per cent for a consecutive period of 3 years and the like—will protect the interest of the share-holders to a large extent.

Instead of imposing such conditions in the interest of share-holders, the present amendment invests the Court with unlimited powers, clothes the minority with undue rights and seeks to upset the inherent rights of the majority, without giving any relief to the poor share-holders who have invested their hard earned savings for a fair return.

So, the present legislation will not remedy the existing evils. It will only encourage litigation and good concerns can be paralysed by mischief makers. For, the provision that a hundred members of a Company having the least or no interest in it can move the court for any relief is a dangerous weapon in the hands of the minority. The interest of the hundred members may not even be .01 per cent and they can ruin the Company with very little loss to themselves. Will this be fair to the majority? How unjustly are sacrificed to the will of an insignificant minority the rightful concerns of a large majority and all that injustice by legislation!

Indeed laws are passed and they remain a dead letter. For—to mention one instance—the provision in the Indian Companies Act that Managing Agents should not over-draw is often violated and no action is taken by the State against such offenders. They are more honoured in the breach than in the observance—the breach is not observed by the State but overlooked.

Therefore, justice demands that legislation made should be equitable and should protect the interest of Share-holders, Managers and Industry.

NATIONALISATION OF INDUSTRY

There is a growing agitation to nationalise industry in India moved chiefly by impatient and misguided "Patriots" who do not realise that it will perturb the prosperity of the country. They forget that Industry is still in its infant stage, but nationalisation as it is proposed by its over zealous advocates will crush it before it attains its own maturity.

To judge rightly about such a weighty matter as nationalisation of industry it will be proper and worth our while to give our earnest attention to these three points; first what are the duties of Government; secondly what are evidently the advantages or disadvantages of nationalisation; and thirdly what is the behaviour of some of the most well ordered Governments in the world, such as England and the United States with regard to the subject under consideration.

First of all the State has quite enough to do with law, order and justice and social services like education and health which absorb all their attention leaving no time to dabble in business such as transport, trade and industry. That should be left to the individual. Do not wisdom and prudence dictate that the State should beware of encroaching upon the rights of individuals, ignoring their abilities, their personal interest and individual judgment? Has not the State without being so solicitous to nationalise industry, more than enough to improve the education of the country where 84% of the people are illiterate; while in the United States 98% are literate? Has it not more than enough to be solicitous about setting up dams and cutting canals, to irrigate very extensive tracts of fertile soil in a country where, for want of water people are famine stricken, when water can so easily be supplied to them by a Government that minds its legitimate business and does not put too many irons in the fire. The Government may help research work to be carried on with a view to discovering methods of improving the country's industry.

Next, it is maintained by advocates of nationalisation, that, through it, conditions of labour will improve as well as efficiency and production, besides national wealth. Is this borne out by facts? Are not workers in cotton and steel industries, for instance, better off than Government-paid railway, postal and other servants? If these railway, postal and other servants had been well paid by a liberal Government, why should there have been strikes which had to be put down with an iron hand? If it ever happens, and it may sometimes, that a company managing an industry, does not give its workmen their rights, under-pays them or over-works them, it is always open to Government to interfere justly, and to right wrongs done to the labourer, without having recourse to the drastic measure of nationalisation. Can this drastic method improve efficiency and production? For this purpose, there is not a shadow of doubt that the least personal interest in a concern will always be far more efficient than impersonal interest. The individual in charge of business, has a keen desire to make all the profit he can out of the business that is all his own, and very dear to his heart. Whereas a Government official, set at the top of a department of industry can hardly be said to be equally keen on improving efficiency, having but an *impersonal* interest not so near to his heart as his *own* estate might be.

It is pretended that the national wealth of the country will grow enormously from the whole income of each particular business, accruing to the treasury of the Government. It is also pretended, a portion that is 2 annas 9 pies in the rupee goes into the pockets of the owners of industries. Hence they contend that Government will be richer from getting full 16 annas in the rupee. This supposes that nationalised work will be as efficient as the turn out of the individual companies. But we actually see that efficiency deteriorates from want of personal interested endeavour. Inefficiency entails less production, inferior quality of goods and consequently less revenue to the Government. A fall in the quantity of goods produced, implies necessarily, a fall in the income. Certainly the whole income goes to the credit of the Government coffers, so converting an income into a tax. But inefficiency by decreasing the quantity of goods turned out produces less income. Therefore, Govern-

ment instead of gaining by nationalisation incurs a loss. Besides, if any individual company in the course of business, one time or other incurs a loss, this loss is borne by the individual only, and Government does not suffer. Whereas if Government controls the whole business where there is a loss,—sometimes millions of rupees—this loss has to be sustained by the Government.

Finally, let us consider what England and the United States have done in this matter of nationalisation. England, under the Labour Government, with Mr. Attlee at the head ventured in the face of great opposition to nationalise the steel industry. The result was, that they failed to satisfy the country, and had to pay the penalty of falling and being replaced by the Churchill Government, which immediately undid the laborious work of the Attlee Government and denationalised the steel industry. Even the Attlee Government with its belief in nationalisation never even dreamt of nationalising all the industries.

Those who see the happy state of affairs in the United States, where there is not even the shadow of nationalisation will not advocate nationalisation of industry in our country. In 1950, the General Motors Ltd., New York, out of a gross income of 3600 crores—a *colossal* amount realised by *one* private company, paid a tax of 531 crores to the Federal Government. The Government of India, in the same year 1950, realised no more than 400 crores as gross revenue, which is 131 crores less than the tax paid by one company in the U. S. A. What a striking difference there is between the *whole* revenue realised by the Government of India on the one hand and the tax realised by the U. S. A. Government from a single company on the other hand. These figures show that the income of *one* company alone in the United States is eight times greater than that of the entire revenue of the Government of India, and what is still more astounding is there are in the United States not only a few but many thriving companies of this kind like Ford. The income of New York Times alone is larger than that of any of our Provinces. The wealth of United States is the fruit of leaving individual companies alone to pursue their work with

their own individual interest, genius and enterprise, work untrammelled by nationalisation.

Some people speak of Russia, its prosperity, its nationalisation etc. Are we sure of this? If this were true, why should it be hidden behind the iron curtain? Why should it be kept in the dark? When we realise the essential defects and the certain failures of nationalisation, as in England, and the glorious fruit produced by individual companies in the world, and the uncertainty of the results of nationalisation hidden behind the iron curtain of Russia, by imitating the latter shall we not be pursuing a chimera and making a leap in the dark?

Madurai, }
26—4—'53. }

KARUMUTTU THIAGARAJAN.

NEED FOR NEW INVENTIONS IN TEXTILE INDUSTRY

BY

KARUMUTTU THIAGARAJAN

It is indeed a happy augury that our Prime Minister and others in authority rightly believe that Science is essential and indispensable for making our mother land free from foreign domination. The world is now so helped by Science that without it, not only can we not advance or progress, but we shall be left far behind the rest of the world.

Unfortunately in practice this belief in Science is not fully appreciated. Believing in modern inventions as we do, and applying them to our industries, is it logical to advocate the nation-wide use of such medieval devices as the Charkka or even the Handloom?

It is needless to point out that a Spinner and a Weaver can produce in 8 hours only $2\frac{2}{5}$ lb. of 20s yarn and 8 yards of cloth—50 inches wide with 52 Reeds and 48 Picks of 20s yarn, while in the same period a Spinner and a Weaver with the aid of modern mechanical inventions can produce as much as 80 lbs. of yarn and 480 yards of cloth of the same description. In Japan and other countries, where the operators are more skilled and efficient, the production is 4 to 5 times greater. This is no exaggeration.

Truly the Charkka has no place whatever in this modern world, where the finest yarn can be produced by machinery. It is a sheer waste to spend colossal sums—nearly Rs. 2.9 crores a year—to encourage the production of Khaddar. The poor country cannot afford such faddism.

The handloom certainly has still a place as machines cannot yet produce the delicate fabrics that they have made

for centuries. But to forbid the mills producing coarse kinds is out of the question. For such a false step would greatly affect the poor middle class consumer who has to pay twice as much for cloth. We should not forget the hard fact that Handloom Weavers are an insignificant number compared with the multitude of consumers. The ratio is about 1 to 144.

Just imagine for a moment the effect of returning to the old method of transport, and abandoning the modern inventions of Railways, Cars and Planes. Happily modern methods of transport, are not condemned in the interest of a small number of carts and coachmen. Why not then apply the same principle to the Textile Industry, which is a greater necessity of life than transport.

Now coming to the point, the Government of India banned the import of all Ring Frames. Certainly this step will promote the interests of the country if we produce machinery of the type and quality required by the industry. The fact is that Ring Frames are made in a few factories, but metallurgical test certificates for accuracy and quality are not forthcoming and the prices are actually 50% higher than in Japan.

It would be some compensation and consolation, if the quality at least approached that of the foreign articles. That it does not do so, is proved by the fact that when Government banned the import of Ring Frames below 6½" lift, Indian industrialists preferred to import foreign frames above 6½" lift rather than buy in the Indian market. Again India is making only antique machinery while Japan has invented the Super High Drafting System, and Switzerland, the moving spindle rail with 8" lift—both are very great improvements on the old system. Since India has started manufacturing Ring Frames, should she not make use of such new inventions as the above?

Till these new types of machines are made in India, the Government should in fairness to the industry and in the interest of the country allow India to import them.

With the novel policy pursued by our Government by this ban on such imports, the industry in India will not have the chance of seeing much less of studying these new inventions even as a matter of curiosity. The Japanese manufacturers Nittoh Iron Works Ltd., Osaka, kindly offered free to The Sree Meenakshi Mills, Ltd., Madura—which were the first in India to introduce the turbine, the Water tube-boilers and the Casablanca system of Spinning—a Ring Frame with Super High Drafting for trial but our Government has refused permission to receive this gift.

Can there be a more suicidal policy than this? This, however, will excite no wonder if we remember that in September, 1950, the Government of India banned the import of staple fibre from Italy and Japan above 25d. per lb. C.I.F.—a very strange idea, this, to dictate to foreign countries what price they should put on their own articles.

The prices of staple fibre soared as high as 100d. and at the critical time when prices were at their top in March, 1951, the Government lifted the ban, only to make the industry a victim of higher prices. The loss to the country in missing the low price and buying at the top price was enormous. Such are the ways of our Government! Similarly the Government may lift the ban on these new inventions after Indian mills have installed old types of frames and after other countries have taken advantage of them.

It is said the present policy of the Government is to discourage import of machinery that would result in labour saving. Is this not against all principles of economy? The

Government does not seem to realise the interest of the consumer who as we said above, forms the majority who want better goods at lower prices. The new inventions not only save labour but have many other advantages as well.

May I add here that if the Government's policy is to discourage progress and favour a return to medieval methods, then what need is there of the many research institutions that have been established at great cost throughout the country?

May I hope that this appeal for more enlightened views in high quarters will not fall on deaf ears and that makers of machinery will be more progressive, in the interests of both the industry and the country?

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