

### THE INDIAN COTTON INDUSTRY

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**I**NDIA is the earliest known home of cotton and the earliest exporting country of goods. Long before the beginning of the Christian era the exquisite textile fabrics of Bengal were famous all over the world, and known as Gangitiki in ancient Greece. Herodotus wrote that the Indians 'possess a plant which instead of fruit, produces wool of a finer and better quality than that of sheep: of this the Indians make their clothes.' It was once the lament of the nations of Europe that Indian manufactured goods, by their cheapness and fineness, did not allow the growth of indigenous industries. It was regarded that Indian character, Indian climate, even the very crudeness of Indian weaving implements rendered the cotton-industry of India unassailable. "It is then," writes Mr. Baines, the historian of the cotton manufactures of Great Britain,

"a physical organization in the natives, admirably suited to the processes of spinning and weaving; to the possession of the raw material in the greatest abundance; to the possession also of the most brilliant dyes for staining and printing the cloth; to a

climate which renders the colours lively and durable and to the hereditary practice by particular castes classes and families, both of the manual operations and chemical processes required in the manufacture.—it is to these causes, with very little aid from science, and in an almost barbarous state of the mechanical arts, that India owes her long supremacy in the manufacture of cotton."\*

India not only clothed her entire population with her manufactures, but she sent her ships laden with them to the distant markets of Europe and the farther East. The position is now reversed. As early as in the seventeenth century the Indian vessels carrying the exports of Hindustan were hailed in the port of London as "ruining our ancient woollen manufactures." Acts XI and XII of William III (1700) prohibited the use of Indian fabrics either for furniture or for personal wear, under a penalty of £200. But as Defoe complained:

\* See an article by Prof. P. G. Shah in the *Modern Review*, April 1912; also the *Textile* number of the *Times*, June 27, 1913, for a comprehensive account of the textile industry of the world.

"The general fancy of the people runs upon East India goods to that degree, that the chintz and printed calicoes, which before were only made use of for carpets, quilts etc., and to clothe children and ordinary people, become now the dress of our ladies ... Nor was this all, but it (chintz) crept into our houses, our closets, and bedchambers; curtains, cushions, chairs, and at last beds themselves were nothing but calicoes or Indian stuff, and in short, almost everything that used to be made of wool or silk, relating either to the dress of women or the furniture of our houses, was supplied by the Indian trade. Above half of the woollen manufactures was entirely lost, half of the people scattered and ruined, and all this by the intercourse of the East India trade."

And drastic measures were taken to end this pernicious trade. The political power of the East India Company was effectively made use of to destroy the textile industry of India. Heavy export duties in India and prohibitive import duties in England against Indian goods soon extinguished the time-honoured industry of Hindustan. The Cotton Supply Association of Manchester advocated in 1860 that

"The true policy of the Government is primarily to legislate so as to drain the raw cotton out of the country, and create a demand for our manufactured goods in lieu of those now manufactured in India."

But already in 1849 India had practically ceased to export cotton piece-goods to England, but on the contrary was receiving nearly three times from her of what she exported to all other countries. Says Dr. Shadwell,

"Machinery changed all that, and England became an exporter of muslins, calicoes, and other cotton goods to India, and all other countries ..... It is a very remarkable story without parallel in the industrial history of other countries."

It did not require special acumen to notice that India could manufacture herself the cotton goods required for her consumption with the sources of raw materials near at hand rather than export raw cotton and receive back the manufactured articles. As early as 1818 the Bowree Cotton Mills Co. Ltd. was started with English capital at Fort Glo'ster near Calcutta; but the real development begins with the floating of the Bombay Spinning and Weaving Mill in 1851, which commenced to work in February 1856 under the management of the Parsi—Mr. Cowasji Nanabhai Davar. The foundations of the textile industry of Ahmadabad, which is exclusively Indian, were laid by Mr. Ranchhodlal Chhotalal in 1859. The steady success of the pioneering attempts soon attracted more capital in the trade. The following table of index-

numbers summarises the progress of the industry from 1879-80. \*

	Nominal Persons				
	Mills	Capital	Employed	Looms	Spindles
1879-80-1883-84	100	100	100	100	100
1884-85-1888-89	148	135	148	126	143
1889-90-1893-94	202	177	228	175	203
1894-95-1898-99	248	216	294	253	251
1899-00-1903-04	310	257	336	290	310
1904-05-1908-09	346	286	424	414	345
1909-10-1913-14	408	336	479	618	398

It will be seen that the progress has been fairly rapid and continuous. In 1913-14 there were 6,646,735 spindles and 99,360, looms at work in the whole of India, employing on the average 264,000 persons, the share of Bombay being 4,506, 396 spindles, 73,866 looms, and 179,092 persons. That there is yet immense scope for further development of the industry, may be inferred from the fact, that roughly speaking, of the cotton grown in India one-half is exported raw, a quarter only is exported as yarn, and a quarter meets the local demand. That the rate of progress could have been faster, had it not been for the defective organisation of Indian mills, is shown by the very rapid rise of the industry in Japan. In 1879 there were but three mills with 8,204 spindles in Japan. The number of spindles returned as working on March 1, 1913, was 2,174, 444 with 75,000 others not at work and 390,016 in course of construction. Japan, which imported 23,143,000 lbs. of Indian yarn in 1888-89, took only 180,000 lbs. in 1899-1900 and of late years nothing at all, while her exports to India have been increasing in the same period. She is already competing with ominous success with Indian products in the Chinese market, and since 1910 Indian exports of cotton goods to China have been declining. It is also noticeable that while India with 6,463,929 spindles, employing more than 250,000 persons, turns out 625,000,000 lbs. of yarn, Japan with 2,174,444 spindles, employing 92,000 hands, turns out 500, 000,000 lbs. † It is interesting to note that as a result of the activity of Indian mills imports of lower counts of yarn have greatly fallen off, and the imports of Nos. 26 to 40 are 1 to 2 of local production, while other finer classes of cotton goods above No. 40 are almost wholly imported

\* See the Review of The Trade of India, p. 15.

† Textile number of the Times, p. 24.

from abroad and mainly from England. It has long been an open question whether the local textile industry cannot manufacture goods now bought from Lancashire. Some beginning has been made towards weaving higher counts, but in general progress has been far from satisfactory in the production of yarns above Nos. 26 to 40, within recent years.

The Indian textile industry is handicapped with several disadvantages in competition with foreign rivals. The defects it exhibits are more or less common to many Indian concerns, and a detailed consideration of them will suffice to show the weak points of Indian organisation. Firstly, at present the industry is organised on a very peculiar and hopelessly inefficient basis. The surprise is that it has so long and so successfully withstood the strain of foreign competition. Most of the mills in Bombay 'are managed by firms which act as agents, and the agents are remunerated, not upon profits, but by commission upon out-turn.'

"The internal management demands a radical reform and needs to be purged of the many corrupt practices which are a reproach to their morality. Simultaneously, the burdensome system of commission on the production, at the rate of one-quarter anna per lb. urgently demands replacement by a fair and reasonable rate of remuneration."\*

Secondly, there is a woeful lack of education among the mill-agents, who are helplessly dependent on expert overseers.

"At present there is a kind of dilettantish supervision which is no supervision at all. As employers, they are more or less under the sway of their superior overlookers, and what is more to the point, they do not appear to have realised the absolute necessity of training up their sons to the business, as mill-owners do in England and America."†

The state of affairs is said to be better in the cotton industry of Ahmadabad.

Thirdly, "financially, the majority of Indian mills are in a far from satisfactory condition." ‡ Over-capitalisation bearing a higher rate of interest than the ordinary debt hampers the full growth of the industry, and the tendency to pay high dividends out of capital, with inadequate allowance, if at all, for depreciation is the besetting sin of Indian limited liability con-

\* Cyclopaedia of India ii, p. 27. Pp. 264-273 give a good account of the Cotton industry.

† Cyclopaedia *op. cit.* ii, p. 272.

‡ *Ibid.*

cerns. The principle of limited liability is not yet completely familiarised in India, and some restrictions are necessary in the interests of the public as well as of the business-community. It may be possible, as Mr. Latifi suggests, to adopt the drastic principle of imposing unlimited liability on the directors of a joint stock company.† But a somewhat milder variation of this insistence on greater publicity, efficient audit, registration and fixing of a certain proportion between nominal and paid-up capital will go far to remove some of the absurdities of the present joint stock enterprise in India. The new Indian Companies' Act VII of 1913 is a tentative measure in this direction.

The excise duty of 3½ to be paid by 'every mill in British India, upon all goods produced in such mill', has no doubt to some extent served as a check on the growth of the Indian textile industry. As Mr. Webb truly says, nobody in India, be he European or Indian, regards it otherwise than an altogether unnecessary and indefensible sop to Lancashire. Apart from political considerations, it forms "one of the most extraordinary monuments to British economic eccentricity that the whole of the Tariff controversy affords."

There are however, other difficulties which are more serious and applicable to the general development of industries as a whole. India being a land of villages and having but one main industry, a complicated division of labour, and utilisation of by-products are not possible. Absence of organised industries hinders their further development. Then, there is the question of the want of capital. Foreign capital is indispensable and welcome, but not foreign control. But India, unlike Japan, cannot stop foreigners from acquiring property in the land, and at present the people of India benefit by the establishment of large and prosperous undertakings financed and managed by foreigners 'only to the extent that a certain number earn wages in subordinate positions or by doing coolie work'. As Sir Vithaldas points out,

"When we turn to the petroleum industry in Burma, the gold mines of Mysore, the coal mines of Bengal, the tea and jute industries, the carrying trade by sea, and the financing of our vast foreign trade by foreign banks, we come upon another and a less favourable aspect of the question of the investment of foreign capital.....It is in such investments as these that we

\* The Industrial Punjab, p. xxi.

and cause for complaint. In such cases, I cannot but think that it would be to the permanent good of the country to allow petroleum to remain underground and gold to rest in the bowels of the earth, until the gradual regeneration of the country, which must come about under British rule, enables her own industrialists to raise them and get the profit of the industries. A country which maintains a population of thirty crores is not likely to let about one lakh of persons starve, and this is the number of wage-earners benefited by these industries. The price paid is much too great for the advantages accruing from them to the country." \*

But, as Mr. Benians points out,

"throughout Southern Asia the aristocracy is military, political or literary, but not industrial.....The Eastern peoples find that their natural leaders do not lead there (i. e. in the sphere of industries). They themselves have not the freedom, the wider outlook, the possibility of the training to produce this industrial leadership and the West steps in and supplies it at the price of their economic freedom."

And foreign concerns in India are practically useless as a training-ground for the youth of the country.

The traditions of state-enterprise are yet too strong to stimulate self-reliance and individual efforts, and the rising generation of the educated classes in India is too literary, too averse to industrial pursuits. It is remarkable that in 1911 out of a total of 9,190, 7,747 students took a degree in arts and law, while only 1,633, 659, 129, 22 in sciences, medicine, engineering and agriculture respectively. The old class of businessmen needs greater knowledge of the foreign market and up-to-date methods of production, a keener sense of honour and increased readiness for co-operation. Mr. Manmohandas Ramji proposed the appointment of special Indian attaches to British consulates to find out and report on new openings for the Indian trade. The cotton manufacturers of Bombay have long desired to develop the growth of finer cotton on the Indian soil, but due to the lack of combined action the project has not yet materialised. In India the State can neither protect nascent industries by tariffs, nor assist them by subsidies, as the Free Trade government of England has done to stimulate the production of cotton in Sudan for the use of the textile industry in Lancashire and recently the production of British dyes. Besides, it is not at all clear that even if the Government were able to do it in the interests of the manufacturing industries, Indian capi-

talists would be able to benefit by them. The late Mr. Gokhale was right when he said :

"If the Government of India or the Secretary of State had the power to grant protection in the present circumstances, I am not sure that it would be employed in the best interests of the country."

And Mr. Chatterton diagnosed the disease correctly, when he said :

"What I would submit for your consideration is that even if protection were desirable, you are not ready for it.....You might exclude British manufactures, but you cannot exclude the British manufacturer." \*

The industrial growth of India is hindered as much by the want of cheap capital as by the absence of capable leaders and skilled labour. India has no doubt an uphill battle to fight. Capital is dear, and import freights are heavy. She has to import machinery and until quite recently also the fuel from abroad. Hence it is more expensive to set up a factory in India than in England. But what is wanted is not so much a government 'policy' as greater individual initiative and more efficient organisation. The problem of labour is becoming acute.

"The labour cost of production in India in mills at work for 350 days of about 11½ hours each with swarms of hands, in comparison with the numbers needed in English mills, receiving a weekly wage only a fraction of that paid in Lancashire, was in 1888 far higher even for the coarser counts than the labour cost in Lancashire, where the weekly hours of labour were 56½ and the days worked in the year some 306. The Indian operative possesses less endurance, less persistency, and less power of continuous application, all classes of labour are constantly changing in an Indian mill. The number of operatives required to manage a given quantity of machinery was 5 to 8 times greater in India than in England, and now it is at least 3 times greater. It is the advantage of position alone which has enabled the native industry to oust foreign yarns, except a few the bulk of which are coloured." †

If the cotton industry of India is not to remain stationary it must organise its labour-supply. The fate of hand-weaving, silk, sugar, and indigo trades is sealed, because of inertia and want of adaptability.

The phrase 'scarcity of labour, is ambi-

\* Quoted. Prof. Kale *op. cit.* p. 214. The faith of Indians in government policies is remarkable. "Protection," says Prof. Kale—a competent and earnest student of economic problems of India, "is one of the means we want to adopt for overcoming the defects which are inherent in our character, institutions and manners," (p. 233).

† S. J. Chapman—Work and Wages 1904 Pt. I, p. 151.

\* See his Presidential Address to the Indian Industrial Conference 1906. Report pp. 60-83.

guous. There are two factors which affect the supply of labour, viz., change in efficiency and change in numbers of workmen. As the increase in efficiency per unit of labour increases the supply of labour just as effectively as the increase in the numbers of workpeople, similarly the shortage of labour may mean not the lack of numbers, but the want of efficient labour. In this latter sense only is there a real deficiency in the labour-supply in India. Of the 2·1 million persons employed in factories, (including 810,000 engaged in specialised agriculture, such as tea plantations etc.), 70,000 or 3 per cent are engaged in direction, supervision and clerical work, 550,000 or 27 per cent are skilled, and 1,481,000 or 70 per cent are unskilled workmen. Out of this supply of industrial labour the meagre percentage of skilled labour is noticeable. The inefficiency of Indian labour is often ascribed to defects of character and climate, but it is perhaps more largely due to long hours, insanitary conditions that prevail in the Indian mills, ignorance and the shifting character of the Indian labour. Not more than 5 per cent of the population of India lives in towns of more than 20,000 inhabitants, and "the labouring population of towns," says Mr. Yusuf-Ali, "is a flitting, dilettante population." There are no arrangements for suitable housing, old-age pensions, or insurance against accidents or illness. Indian industrialists have not yet realised their responsibility towards their employers. The factory commission of 1908 reported to the following effect :

"The operative in a cotton mill is usually called upon to work for excessive hours, and we are disposed to think that there is some causal connection between this fact and the extent to which loitering occurs."\*

It is more a question of conditions than of climate or race. Now the working-day of adult male textile workers is limited to 12 hours by the Indian Factories Act of 1912.

The reason of the migratory character of the Indian factory-hand is perhaps in part to be attributed to his attachment to his native soil and the fact that his family often resides in the village. It is not the physical environment and comfort of an orderly home in the village that enchain

\* Report (Cd. 4292) p. 21. See section VI on economic position and habits of Indian mill operative, pp. 18-23; also the minute by Dr. Nairat at the end of the Report.

and attract him, still dominated, more or less unconsciously, by the associations and common interests of the primitive class, but rather the sense of human neighbourhood and kinship which he finds in the community. Economic motives are imperfectly operative, and it may well happen that a rise of wages may actually diminish the supply of labour by lessening the inducement of the workman to live in towns. A Bombay mill operative usually spends at least a month of the year in his native village, while employees in the jute mills in Calcutta have at least twice as long a holiday. The heart of the factory-hand is in the village, not in the towns. Rural India is still medieval, while city India is modern and European, and needs organised discipline. \* Plague and other epidemics, so firmly established in large towns of India, restrain the rural exodus and diminish the labour supply. Want of education makes the new urban population indifferent to sanitary conditions, less adaptable to changes of occupation, and makes combination more difficult. † The brutalising conditions of factory life, absence of human relations, and the cramping atmosphere of town-life, with its accompanying evils of drink and gross forms of enjoyment have not yet had a strong fascination for the village labourer in spite of the prospects of high wages.

The whole problem of labour is well summarised by a well-known business-man and competent economist as follows :—

"The operatives require to be handled as soldiers in a barrack with a stern regimental colonel—no perfumery work when work is going on and ample recreation afterwards. So that apart from external factors there are some internal ones, the remedy of which lies in the hands of the Mill owners themselves if they are fully alive to their own best interests. Lastly the physiology of industry which postulates better health and better conditions of living and comfort, together with the crying want of the amenities which an up-to-date cotton industry of an exacting character in a tropical climate necessitate must be seriously taken into consideration, so also the expediency of a reasonable provision for old age and premature physical infirmities. All these are potential factors of the larger problem on the right appreciation of which in proper time must greatly depend the abundance of labour and the prosperity of the industry itself, specially with keener international competition."‡

\* See an interesting article by H. Dodwell in the Econ. Jour. 1910 Dec. pp. 613-624.

† The percentage of general literacy was 5·3 in 1901 and 5·9 in 1911.

‡ Mr. Wacha in the Times of India (Mail Edition) June 13, 1914, p. 15.

Such are some of the problems of industrialism in India. And here we may shortly summarise the chief drawbacks retarding the growth of industrialism in India. The principal obstacles are (1) the want of capital; (2) absence of industrial leaders; (3) the lack of skilled and efficient labour. Unfamiliarity with joint stock enterprise, instability of Indian concerns, apathy of the educated classes, traditional disinclination to strike out new paths, the habit of over-

reliance on government assistance, the want of co-ordination of efforts between the State and the business community, domination of non-economic motives in the accumulation and consumption of wealth, and various other external factors, also impede the rapid establishment of new industries in India. The fact that the bulky exports have practically to pay for the freight of imports into India, is also said to be a serious handicap.

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