

Book Review

Textile Industry

The Indian Cotton Textile Industry, by Dr S D Mehta, The Textile Association (India), Ganesh Bhuvan, Bombay 12, Pages 232, Price Rs 12.

THE Cotton Textile Industry has passed through many vicissitudes. There was a time when the country was self-sufficient in cloth and Indian cotton fabrics commanded an export market. This position changed when cheap mill-made cloth started entering the domestic market from the United Kingdom. Subsequently, India also started mill production; but, due to the unhelpful attitude of the Government, it was not able to regain the domestic market.

After Japan came in as a competitor, in the thirties, the industry had very hard times. World War II brought a much required relief to the industry as both its competitors were naturally shut out. Since 1940, from the market point of view, the industry has been in a happy position and a high level of production has been maintained. Today the entire domestic demand is met from domestic production and a covetable export market has also been established. Production in the first seven months of this year totalled 2,889 million yards giving an average of 413 million yards a month which is the highest in any year so far. This success was achieved when there was a sellers' market. Now we are returning to a buyers' market and how the industry will react to it is a question that merits serious attention. Towards the understanding of the problems facing this industry, Dr S D Mehta has contributed a valuable study in his book.

He has analysed with rare clarity the structural changes in the equipment pattern and wages, the organisational set-up and made an appraisal of it, the markets and allied aspects, including the changing pattern of demand and the financial strength of the textile mills.

The future of the industry depends primarily on the quality of management and adequacy of finance. If these two are satisfactory, it may not be difficult to set right any defects or deficiencies in the other spheres of the industry. This does not mean that these are of less importance. They are equally important but good manage-

ment and adequate financial resources are the pre-requisites for setting them right.

Dr Mehta has drawn pointed attention to the aspects of the management which he considers not encouraging for the future of the industry. According to him the Managing Agency system of top executive management in Indian-owned mills has a rigid class structure which tends to inhibit initiative on the part of the other constituents of the organisational hierarchy. Because of the hereditary character of the Managing Agency, it is not uncommon that young men without sufficient experience get to top posts, in virtue of their close association with the family of Managing Agents. If inexperienced people get to the top, people immediately below them get frustrated and its reaction permeates the lowest ranks. Equally unfortunate is the tendency of financial adventurers without any previous experience in industry to get hold of management in order to "grow easy rich". These usually belong to a class of financiers who are not industrialists in the strict term; they hardly understand the problems of industry. It would have been interesting if Dr Mehta could throw some more light on this aspect by analysing the actual cases where the Managing Agencies have chang-

ed hands from industrialists to financiers. There is no doubt a serious weakness of the present system for if the wrong people get to top positions in management, it must have a very demoralising effect on the entire set-up. How deep this evil is, can be seen from the table which shows changes of staff at the level of departmental heads and higher post: (1947 -compared with 1946).

Dr Mehta's arguments would have been even more convincing if he could give similar figures for a number of years. The frequent changes in the higher cadres lower the level of effective co-ordinated team-work. There may be exceptions but the general absence of co-ordinated team-work in most of the Indian mills reveals lack of industrial leadership at the top. It is not that all the blame can be put on the management, but a good management can ensure better team-work.

Dr Mehta's analysis of the financial position of the industry is interesting but the author has unduly limited its scope by confining himself to the financial results for only one year, namely, 1950-51. Without examining the trend for a longer period of working, it would be difficult to understand the various aspects of such a big industry as

Location	No of concerns	Total No of changes	Spinning Master	Weaving Master	Bleaching and Dyeing Master	Engineer	Secretary	Manager	Other Posts
Bombay City	.. 65	52	10	11	3	8	4	7	9
Ahmedabad	.. 71	88	27	21	4	7	10	15	4
Rest of Bombay									
Presidency	.. 58	69	18	16	2	10	7	14	2
Bengal	.. 34	26	3	6	—	5	2	8	2
Madras Presidency	.. 47	8	2	2	1	—	—	3	—
Uttar Pradesh	.. 28	21	5	6	—	6	2	1	1
Central India	.. 17	17	5	4	3	2	—	3	—
Central Provinces	.. 11	6	2	—	—	1	—	1	2
Rajputana	.. 9	11	2	5	—	1	—	3	—
Punjab	.. 17	15	4	5	—	3	—	3	—

the cotton textile industry. The author has studied the employment of 'outside' resources and compared it with that of 'owned' resources, viz, capital plus free reserves. With the growth of the size of the undertaking, due either to expansion of existing units or to the commissioning of new units, the working capital, or to be more precise, the capital employed, has to increase in quantum. This increase can be achieved only by either increasing fixed liability or by having more of current liabilities. With the increase of the fixed liability, if the assets also show a corresponding increase, there need not be any anxiety about the vulnerability of the financial strength of the companies. Table I on page 178 of the book shows, however, that the mills have been leaning more heavily on 'outside' resources as the magnitude of their operations has been expanding. Also that, rate of growth of 'owned' resources has lagged behind that of total assets. Apart from the relationship of fixed assets to the fixed liabilities or in the author's own term, of 'owned' resources, the author would have done well to compare 'outside' resources with the current assets of the industry. A relationship of more than unity will definitely go to prove that the command of the industry for credit facilities is sound. An analysis of this relationship for the period of comparison has not been worked out in full detail.

Dr Mehta has also raised the issue of size and profitability. In examining the relation between the size of a mill and its earning capacity, he has shown a clear understanding of the complications involved in such an analysis and has brought out the mistakes some of his predecessors have committed. He has not, however, tried to grapple with the difficulties in such an analysis. To determine the relative profitability of the different units in a particular sector of the industry, valid comparison can be made only by relating the quantum of profits either to the cost of production, or to the capital employed. The latter is more widely accepted as the logical and scientific method.

As a post script one may note, the author's appraisal of the present position of the handloom industry and its future, because of its topical interest. Dr Mehta takes the view that the bulk of handlooms must yield ground in the normal course of things, to more mechanis-

ed forms of weaving. " Any attempt to foster the expansion of handloom," therefore, " is a retrograde step which will only aggravate the difficult problems of social policy." This conclusion is based on an analysis of the rates of production and wages in handlooms and power looms. But this is not all. Wage is only one element of cost. There are other elements of costs, particularly overheads, which are practically nil in the case of handlooms. Further, the handloom weaver may have the advantage of a market right on his door. The economies of handlooms cannot be as simple as Dr Mehta takes it to be. Surely it deserves as thorough and competent a study as the author has carried out for the cotton mill sector of the industry.

Mud House Project under UN Auspices

An institute has been set up in Israel for experimenting in the development of hygienically and aesthetically satisfactory mud houses under the UN Technical Assistance Programme. In all oriental countries houses have been built of mud since lime immemorial. The modern techniques which have recently been developed for such structures on the West Coast of the United States and in Australia can mean an architectural revolution for the East, eliminating the exclusive use hitherto made of cement and concrete.

Mud structures have the great advantage of requiring materials available locally, which means a considerable reduction of building costs. These mud houses, moreover, would presumably fit into the Middle East landscape much better, than the cold concrete blocks which are the rule today. It is possible that models produced by the new institute will bring about a transformation, if it is proved that mud structures can be entirely hygienic and aesthetically satisfying, while using little imported material and being far cheaper than houses built of cement.

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