Chapter- V

CONCLUSIONS

AND

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Uttar Pradesh which is the fourth largest State of India in respect of area, ranking first among all the States as regards population, continues to be economically backward.

The State is divided into four regions: The hill area in the North along the Himalaya regions, the sub-mountainous tract consisting of Bhabbar and Tarai, the Yamuna-Gangetic plain and the hill plateau region lying to the South of Gangetic plain. This area is a potential source of minerals, fisheries and irrigation.

According to 1991 Census, the population of Uttar Pradesh was 13,91,12,287.

During the decade 1981-91 the total population of the State showed an increase of 25.5 per cent; whereas relative increase of workers was 31.6 per cent. The percentage of workers in 1981 was 31.7 per cent. In 1991 the figure stood at 31.6.

Out of 447.99 lakh total workers of the State, 413.61 are main workers and remaining 34.48 lakhs are marginal workers.

Uttar Pradesh is the most thick populated State of the Indian Union and has an overall population density of almost twice the national average i.e. 474 (1991) as against 267(1991) for the country as a whole.
Economically Uttar Pradesh is one of the most underdeveloped States in the country. It is largely an agrarian economy and more than three fourth of its working population is engaged in agricultural pursuits.

Agriculture, therefore, is the mainstay of the Pradesh's economy. The main crops are rice, wheat, millet, barley and sugar-cane etc.

More than half of the State's urban population lives in its cities including Kanpur, Lucknow, Varanasi, Agra and Allahabad, etc. Kanpur located in the centre of the State, is the premier industrial city of Uttar Pradesh.

In spite of all the wherewithals available the State continues to languish economically with low standard of living of the people. The per capita consumption of electricity in Uttar Pradesh is a matter of concern. In order to boost per capita consumption of electricity, 25 per cent of the total outlay of the plan budget was spent in 1994-95 on the extension of electricity. During the year under reference 48.5 per cent of total expenditure on electricity was spent on generation, 38.3 per cent on distribution and 12.6 per cent on rural electrification.

The total State income in 1990-91 was Rs. 49,446 crore on current price basis. Its contribution to gross domestic income was 11.8 per cent. In 1991-92 the State income
increased, registering a significant contribution to national income. But in the 1994-96 total State income as compared to previous 13.3 per cent, but its contribution to national income fell down to 10.5 per cent i.e. 0.1 per cent than 10.6 per cent of previous year.

The main reason behind the economic backwardness of Uttar Pradesh had been the lack of financial resources. Based on the recommended outlay of Rs. 22,005 crore for the Eight Five Year Plan on an average Rs. 4,401 crore annual outlay was sanctioned for development works. Despite limited resources for 1995-96, it was 26.18 per cent of the Eight Five Year Plan provision.

In spite of its limited resources the State provided resources for important developmental programmes with far reaching and multi-dimensional effects. Power, agriculture, rural development, education and water supply sectors continued to enjoy priority status during 1997-98.

Industries that contribute to most of the State's exports, include handicrafts, carpet, brassware, footwear, leather and sport goods.

As regards tourism, Uttar Pradesh has varied attractions for all kinds of tourists. The hills of Kumaon are the feast to the eyes. The scenic beauty after Himalayan valley is enthralling.
There are certain infrastructural bottlenecks checking development of State's tourism.

The length of roads in the hilly areas is 3335 kms. and in frontier areas 505 kms. Total length of road was 88200 by the end of 1997-98. Most of the State's cities and town are connected by roads.

Lucknow is the main junction of the Northern network. Other important railway junction are Agra, Kanpur, Allahabad, Mughalsarai, Moradabad, Varanasi, Tundla, Gorakhpur, Gonda, Faizabad, Bareilly and Sitapur, etc.

There are airports at Lucknow, Varanasi, Allahabad, Agra, Jhansi, Bareilly, Hindon, Ghaziabad, Gorakhpur, Saraswa and Pant Nagar.

As per the State Government direction a project proposal for setting up textile city has been sent for approval. The cost of this textile city is estimated at Rs. 20 crores. As per the location and demand survey the textile city should be set up near Kanpur over an area of 300 to 500 acres.

In order to ensure balanced and planned economic development of the State, the following schemes are being implemented.
1. Prime Minister's Employment Scheme: This scheme was launched by the Government of India in 1993 for helping the educated unemployed youths.

2. Twenty Point Programme: To give thrust to economic development of the State, the department provide various facilities and incentive to the small scale units.

3. Industrial Area and Development Centre Schemes: The scheme provides land/shed and service facilities to the small scale industry in the State.

   The State Khadi and Village Industries Board has been working to strengthen the rural economy of the State by generating employment through less capital intensive industrial activities adding to income and resource generation.

   Thus, the State of Uttar Pradesh is trying to take effective step to develop entrepreneurship in the State, also by removing bottlenecks coming in the way of setting up of industries.

   Indian cotton textile industry is a premier segment of the economy. It provide clothing to the population. It is also one of the major foreign exchange earners for the country. It broadly falls in the private, public and co-operative sector. The industry has grown significantly during the plan period. There were a total of 1051 spinning and composite mill in 1999 as against
770 in 1992. However, the per cent capacity utilization for installed spindles and installed loom, has not been satisfactory. The capacity utilisation rate for both has been at 70 per cent for both in 1991-92. This fell down in 1998-99. The cloth produced by the mills sector fall in four groups namely coarse, medium B and medium A, fine and superfine. The textile industry in Uttar Pradesh due to its employment, resource and income generation potential holds an important position in the economy of the State.

It occupies the third and fourth position in respect of loomage and spindlage respectively. At present, it has 54 mills (placing the State in fifth position at all India level). Out of these 10 are located at Kanpur and the rest at Lucknow, Saranpur, Dehradun, Agra, Aligarh and Modinagar etc. Out of these 39 are spinning mills and 15 are composite spinning-cum-weaving mills, accounting for 1792 thousand spindles and 12068 looms. Though the industrial units are scattered throughout the State of Uttar Pradesh, Kanpur continues to be the main centre of industrial concentration. Cotton textile industry of Uttar Pradesh is, therefore, almost similar to that of Ahmadabad in Gujarat and Bombay in Maharashtra.

The textile industry in the State is a traditional industry, contributing significantly to the industrial economy of the State.
The total fabric production in the Northern region as well as at the all India level has been continuously declining. There was a decline of 20.82 per cent over 1986, when 3336.8 million metres were produced (in 1986) which came down to 2648.6 million metres in 1989. The share of Northern mills was 310.3 million metres or 10 per cent in 1986 which increased in 1987 to 322.0 million metres during 1989, thus registering a fall of 22.30 per cent over 1986. But the share of Northern region in all India production stands at about 10 per cent. The various causes of low productivity in textile industry of India and in Uttar Pradesh are among others due to the problems of high cotton prices and uncertain availability of cotton.

Power availability for textile mills in Uttar Pradesh is hit by frequent peak load restriction, tripping and breakdowns, disrupting the working of mills, causing wastage and losses. Apart from this, U.P. State Board demands from the mills that they have to pay minimum charges even for the closure period.

In 1990 the number of sick mills was 226, out of which 57 were in Maharashtra, 54 in Gujarat, 22 in Tamil Nadu, 16 in Rajasthan, 13 in West Bengal, 12 in Kerala, 10 in Uttar Pradesh and 7 each in Punjab and Haryana. Not only the investors but also the workers and consumers at large suffer as a result of industrial sickness.
According to Government policy it is necessary for textile mills to produce the coarse and medium B category cloth in certain proportion so that it meets the requirement of the weaker section of the society. Uttar Pradesh and for that matter, Kanpur mills are also doing the same.

The cotton textile industry of Kanpur owes its origin to the establishment military cantonment. The industry was started with the purpose of providing military clothing. Then other industries also developed, attracting merchants and traders. The working classes gathered in and around Kanpur. The industrial development of Kanpur was given momentum by the East India Company which established a factory at Kanpur. But the real progress of Kanpur began after the first war of Independence in 1857. The East India Railway opened its station at Kanpur. The station master Mr. Buist took initiative to form Cawnpore Cotton Committee in 1860. Then a number of cotton mills including the Elgin Cotton Spinning and Weaving Company Ltd. (1861) and Victoria Cotton Mills Co. Ltd. (1886) came into existence. Thus, Kanpur is the hub centre of textile industry of Uttar Pradesh. Keeping in view the installed capacity, average number of workers and the consumption of cotton, its contribution to the economy of the country in general and that of the State in particular has been significant. The paid up capital Kanpur
Cotton mills stand at nearly 47 per cent of the total paid up capital of mills in Uttar Pradesh. It has 42.2 per cent of the total spindles and about 83 per cent of the total looms. Kanpur consume 58 per cent of total cotton consumed by Uttar Pradesh mills, employs 67 per cent of the total labour force employed by the cotton textile units in the State.

Some of the mills have been taken over by the National Textile Corporation including Elgin No. 1 and No. 2; While a number of these are still in the private sector. The cotton textile industry in Uttar Pradesh has good prospects of development. In spite of the changes in consumption pattern of cloth, the cotton cloth is still preferred in Uttar Pradesh. According to a consumer preference survey of Uttar Pradesh, the percentage of respondents giving first preference to cotton was 93.8 in the case of shirt, 59.8 in case of pants, 92.5 in the case of sarees and blouses. The consumption of man-made fabrics is also increasing fast. In spite of the Government policies to develop textile industry in Uttar Pradesh and for that matter at Kanpur, the industry has been facing a number of problems including the production of coarse cloth varieties fetching lower return, higher cost of production, outdated machinery and higher power rates etc. Than the competition being offered by man-made fabrics is adversely affecting the growth of the industry in Kanpur. Further, there is problem of under-utilization of capacity. The availability
of raw materials including raw cotton is also not adequate. The plant layout in Kanpur mills is also defective, leading to poor working condition including insufficient light. The obsolete machinery is adversely affecting productivity and profitability. Improvement in all the above mentioned factors require a huge amount which cannot be possibly made available by the mills without Government support. It is no wonder that the mills in Kanpur have been incurring huge losses. The Athorten mills, Victoria mills and the Swadeshi Cotton Mills are also no exception. Most of the Kanpur mills remain closed since 1989. Only the Kanpur textile mills is still producing but at only 40 per cent of its capacity. The voluntary retirement scheme was introduced and a majority of the workers of the National Textile Corporation and Elgin Mills availed of the opportunity.

The Government took steps to draw up modernization and revival plan for the mills. But the opposition mounted and the workers opposing the plan succeeded because the revival and modernization plan has been shelved.

The industry in the State of Uttar Pradesh and more particularly at Kanpur has been particularly in a disadvantageous position as compared to its counterpart in other States.

The lack of sales promotion, selection of inadequate product mix, inaccurate demand forecasting and lack of market
feed back are the main causes of sickness in the cotton mills of Uttar Pradesh.

There are a number of factors of sickness ranging from disparities between costs and prices to mis-management and Government policies are involved.

There can not be one single solution for revival of sick units. To initiative effective remedial measures industry-wise and unit-wise problems have to be identified first.

As said earlier textile industry of Uttar Pradesh holds a prominent position in the economy of the State. It is the second largest organised industry next to sugar only. The productivity of textile mills of Uttar Pradesh is generally low. More and more units are becoming sick or are on the verge of sickness.

The financial position of the cotton textile industry is not sound enough due to incurrence of continuous losses. There are number of factors contributing to this State of affairs, requiring immediate attention and concerted action on a coordinated basis involving the private sector mills and the financial and administrative involvement of the Government.

As stated above, the Kanpur textile industry is suffering with a number of problems including the labour problems such as absenteeism, labour turnover, defective methods of recruitment, selection, training, and strike and lock-out. High rate
of absenteeism and labour turnover adversely affect productivity in Kanpur textile mills. Absenteeism causes waste, disruption in work and loss of production. The absenteeism rate which differs from mill to mill and in different seasons, is comparatively higher in Kanpur mills as compared to other textile mills in the country. As is well known absenteeism is caused by a number of factors including harvesting, marriages, sickness and such factors as social and religious ceremonies etc. Included among the other causes of absenteeism are improper sanitary conditions, malnutrition and drinking and gambling habits etc.

Likewise, labour turnover is also a retarding factor to productivity.

The percentage of absenteeism in different cotton textile mills are as under:

Ahmadabad 7.9 per cent, Chennai 10.2 per cent, Madurai 13.6 per cent, Coimbatore 12.4 per cent, Kanpur 15.32 per cent.

The loss due to absenteeism affects both the workers and the employers. Therefore, absenteeism which means that the workers report to work later than the designated time when they have to begin their work, can be controlled to a great extent by improving the working conditions in which an operator works. Not only the physical condition including sanitation, illumination,
humidity and temperature, dust control and noise control but the social conditions and inter-personal relations should be improved.

The existing conditions of work in Kanpur mills are not satisfactory. For example the Kanpur Cotton Mills Rationalization Enquiry Committee prescribed maintenance of related humidity at 75-85 in the loom shed and 65 per cent in the ring room. But the equipment installed in the Kanpur mills like air compressor, decentralized carrier plant, steam boiler and spray jets, etc. are inadequate to maintain the prescribed humidity. The control of humidity is, however, not proper and in consequence workers' health is affected.

Similarly, the workers' housing is also improper. Not only the numbers of room in each house but also their poor maintenance pose problems of health. A large number of workers are not provided housing by the mills. Therefore, the workers have to live in slums. Their health is difficult to maintain due to unhygienic living condition. Then, there are occupational hazards giving rise to diseases like workers' cough and mill fever, etc.

Due to poor dust control the workers also suffer with respiratory diseases. The chemical substances are used in dyeing, bleaching, finishing and printing sections. Workers exposed to these chemicals, suffer from diseases like dermatitis
and athletes foot. All the above are responsible for absenteeism causing bad effect on the growth of textile industry in Uttar Pradesh (and Kanpur). Referring to the labour welfare activities being undertaken by the Kanpur textile mills in the interest of the welfare of their workers, we find that they fall under the mandatory requirements.

But in practice most of these activities do not conform to the welfare requirement and aspiration of the workers. For instance, the eatables in canteens are so poor in quality and nutrition that they are not liked by the workers. The labour welfare officer instead of caring for the workers do work under the pressure of management. Needless to say that to help remove or at least mitigate the problem of absenteeism, the workers' welfare activities will have to be increased and made effective.

For example, better medical facilities to the ailing workers will improve their efficiency. Further, the unsatisfactory conditions of machines in cotton textile industry of Kanpur, their method for up-keeping the machine, take much time forcing, the workers to remain without work. This is relates to absenteeism and productivity.

Good relations between the labour and employer creates interest in the work. It goes a long way in decreasing the rate
of absenteeism.

The quantity and quality of output do not depend only on physical condition but also on mental satisfaction. Fatigue is one such factor which makes the worker disinterested in his work. Efforts should be made to reduce and minimise fatigue in each worker.

The following factors which lead to absenteeism should be taken care of:

Sitting duration in the canteen, involvement in politics, lack of supervision, low pay, sickness, frequent visit to one's village, electricity failure, non-availability of raw material and accident.

The maintenance of a team of substitute workers should be for a given and proper duration. It should not exceed limit.

Like absenteeism, labour turn-over is also an evil. Therefore, adequate measures should be taken to reduce labour turnover. A high rate of labour turnover is harmful for the efficiency of workers. It adversely affects quantity as well as quality of production.

The supervisors' active participation in the day to day work of the mill, can go a long way in developing human relations.
It is, therefore, imperative that management should develop a positive viewpoint in handling day to day problems at the unit level so that problems can be solved, productivity and output may be increased and the industry may take to growth.

Suggestions: General

1. In the light of the foregoing conclusion, it is important to develop both agriculture and industries in the State of Uttar Pradesh. Efforts should be made to improve productivity. Effective measures should be adopted successfully to combat calamities like draught and floods.

2. Since the State is large sized with different climate and soil fertility, it is suggested that proper soil testing service be made available to the cultivators on a prompt basis, which will be helpful in crop planning and maximisation of crop output.

3. Since infrastructure plays an important basic role in economic development, availability of power on uninterrupted basis should be made available to the cultivators. Further, the tariff should a reasonable and within the reach of cultivators.

4. In case of price rise the cost of inputs also increases. This leads to high prices of agriculture produce, adversely affecting the families particularly those in the middle and
lower middle classes. Therefore, it is suggested that the agricultural inputs should be made available at reasonable rates.

5. Industries that contribute most to the State's exports including cotton textile and ready made garments should be given all sorts of encouragement including publicity on State's expenses.

6. Since U.P. has a number of tourist destinations, proper publicity and incentives should be provided to attract domestic and international tourists to the State. The scenic beauty of the Garhwal Himalayas offers attraction and opportunity for adventure tourism. The potential should be fully exploited particularly because tourism is least leakage and labour intensive industry.

7. Transport bottlenecks must be removed in the interest of free flow of goods and services. This will help boost economic activity in the State.

8. The entrepreneurs in the State should be extended all sorts of resources and help including venture capital to take to development activity particularly in industrial areas being developed by the U.P. State Industrial Development Corporation Ltd. The proposed integrated industrial city under the New Integrated Kanpur Industrial Development
Authority (NIKIDA) to be located between Lucknow and Kanpur, should provide special facilities to the entrepreneur entering the ginning and weaving trade.

Suggestions specifically concerning Cotton Textile Industry of U.P. (and Kanpur):

1. The proposed textile city near Kanpur over an area of 300 to 500 acres of land should be speedily developed for the growth of cotton textile industry of Uttar Pradesh.

2. To increase cotton textile production in the Uttar Pradesh and in Kanpur, the single shift system should be replaced by the double and triple shift system.

3. To help promote the exports of textile products an indepth and intensive approach should be adopted instead of selective approach.

4. To overcome the vast gap between the per capita requirement and per capita consumption of cloth revival the reopening of the sick/closed mills is Sine Qua Non.

5. It is suggested that the three sick sectors of cotton textile industry of Uttar Pradesh and Kanpur viz. spinning, weaving and processing be dealt with in the following manner.

- Due to large employment potential in Khadi sector, optimum utilization of spinning capacity has to be ensured at all cost.
- The role of handloom sector has to be preserved and powerlooms, irrespective of their sectoral consideration, be treated equal so as to compete which each other.

- Treat individual power processors and processing house at par working on a competitive spirit.

6. Adopt necessary measures that help promote growth and development of export oriented cotton textile industry.

7. Re-structure the oldest industry of the country i.e., Textile in the State of Uttar Pradesh specially in Kanpur in the interest of overall industrialization of the State.

8. The textile industry is the second largest organised industry next to sugar. Therefore, it offers means of subsistence to more than 1,03,449 persons i.e., approximately 10 per cent of the total employment of the cotton textile industry in India.

9. The mills in Uttar Pradesh and (in Kanpur) must be modernized so that they also produce fine and superfine fabrics yielding higher returns. The U.P. State textile Corporation should come forward either to under-write the loans and issue of share to help raise capital.

10. As the hosiery industry in the State is not advanced as in other Northern Indian States, the mills be encouraged to
set up their plant/complex by joining hands and pooling their resources. This will generate both income and employment. Thus, the products of spinning mills should be diversified. In order to enhance labour productivity and improve quality of output, technological upgradation with support from both the Central State Government, is essentially required.

11. To develop spinning technology in villages preferably within the weavers' families, decentralised cotton spinning centre, should be set up on the lines of the 'pilot project' set up by the Appropriate Technology Development Association, Lucknow to decentralise cotton spinning.

12. Education and training of textile workers should also be especially taken care of. An expert committee may be appointed to collect relevant data and information and suggest ways and means to render the textile workers particularly those requiring skills more productive. This will also help avoid 'frictional unemployment'.

13. The cotton textile mills in Uttar Pradesh as in the country as a whole, have not been able to utilise their installed capacity of spinning. It affects the output, the full licensed installed capacity should be utilised by the cotton textile mills of Uttar Pradesh (and Kanpur). This besides
increasing the output, will also add to employment and income generation.

14. As any expansion and full utilisation of the installed capacity depends upon the availability of raw material and power, efforts should be made by the management and the State to make these available to the mills.

15. It is not proper always to take over the sick cotton textile mills either by the National Textile Corporation or the U.P. State Textile Corporation. Instead, Financial assistance should be provided at the first instance out of a special fund to be created for the rehabilitation of the cotton textile industry in Uttar Pradesh (Kanpur included).

16. Generally Indian cotton is used by the cotton mills in Uttar Pradesh and in Kanpur. Only medium and coarse cloth is manufactured. It is suggested that foreign cotton should be allotted to all mills of Uttar Pradesh (Kanpur included), so that they may be able to increase their profitability.

17. Generally the purchasing system of cotton is defective in cotton textile mills of Uttar Pradesh. Cotton is purchased through agents. A huge amount of commission is charged by them. This system should be abolished. The State Trading Corporation should make available the required cotton.
18. All stores and spare parts, foreign as well as local, are purchased through agents. They charge huge commission. This system should also be abolished. The State Trading Corporation should come forward to shoulder the responsibility.

19. To prevent cases of absence the following steps should be taken: Any subsequent repetition of this default should be penalised by fines and those who prove to be untraceable and still continue with this habit, should be warned or discharged at the first available opportunity. No plea of illness should be allowed unless due notice is given to the office before the commencement of work and is followed by medical certificate. Yet another way of checking this most undesirable habit is to link bonus with regular attendance.

20. Human factor is an important factor in relation to productivity. Technical factors also influence productivity. It is experienced that industrial countries of the world that are among all economic and technical factors, human factor is vital. It exerts a decisive effect on the level of productivity.

21. When the voluntary retirement scheme was introduced, a majority of this in NTC and Elgin mills availed of it. An effective plan should be drawn up for VRS to help reduce the burden of excessive work force.