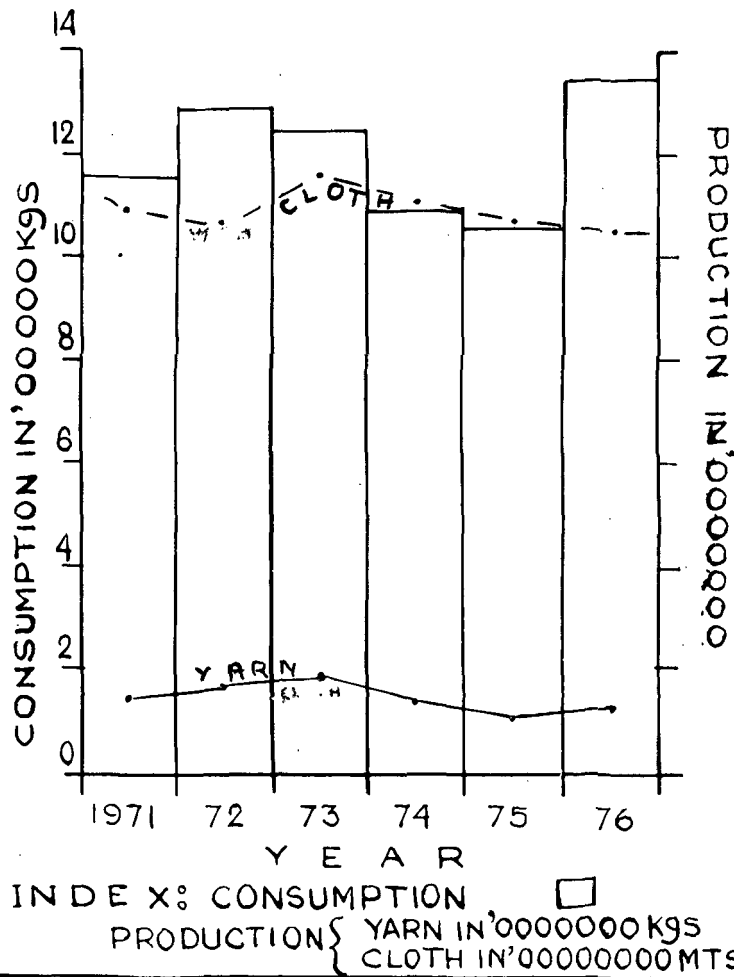


CHAPTER - VI

TRENDS IN PRODUCTION - FINISHED GOODS

BOMBAY CONSUMPTION AND PRODUCTION



10.47

Consumption of cotton and production

of yarn and cloth in Bombay 1971

CHAPTER - VITRENDS IN PRODUCTION - FINISHED GOODS

The cotton textile industry is the single important large scale industry in the State of Maharashtra. The State of Maharashtra has 107 cotton mills (1976-77), of which 57 are situated in Greater Bombay. Installed capacity of these 107 mills were 492 million spindles and 77, 250 looms. These mills produced 220 million kgs. of yarn and 1313 million metres of cloth for the year 1975-76. The share of the mills in Bombay in the production of cotton textile goods was 168 million kgs. of yarn and 1069 million metres of cloth in 1975-76, i.e. about 63 per cent of yarn and 80 per cent of cloth is produced by the 57 mills of Bombay and the rest are produced by other 50 mills of the State. Mills in the State of Maharashtra, during last five years, have consumed an average 15 lakh bales of cotton per year. They have on their roll on an average 2.3 lakhs of employees whose annual wage bill amounts to Rs. 70 to 75 crores approximately.

Consumption and production trends :

The production trend in the industry from 1970-71 to the present amount may be ascertained from Table 48. (Fig. 47 & 48).

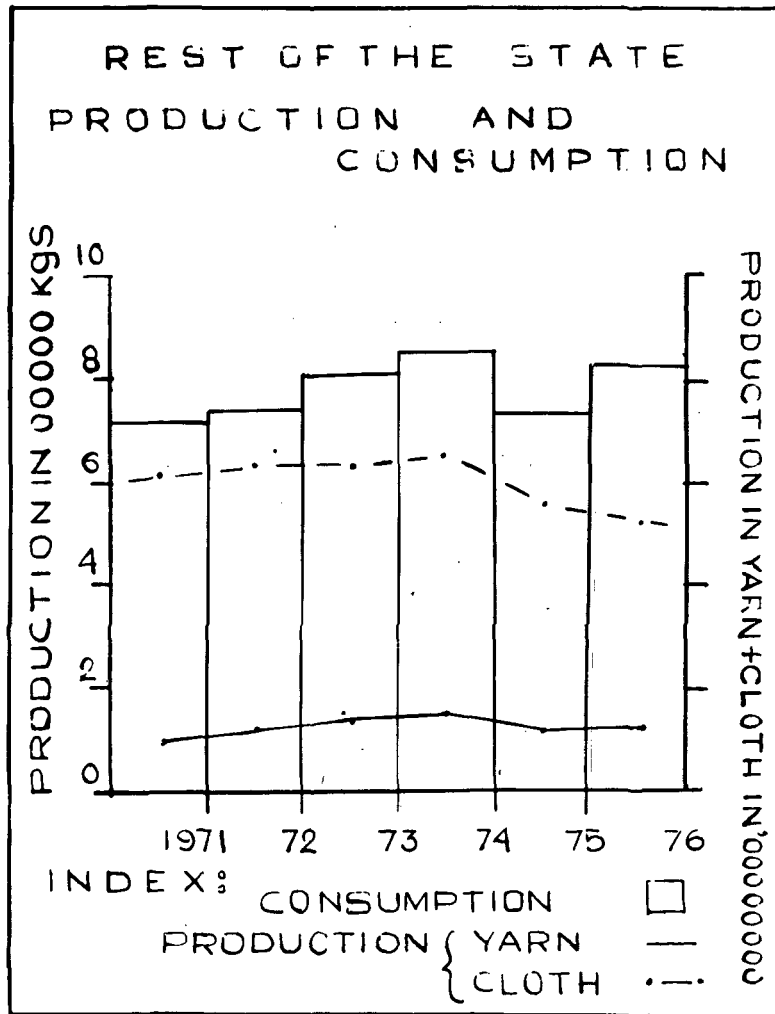


FIG. 4 Consumption of cotton and production of yarn and cloth in rest of Maharashtra (1971-76)

Table 48

Consumption of cotton and production of yarn and cloth
Bombay and rest of Maharashtra

Year	Consumption of (in bales of 180 kgs each)	Production	
		Yarn (in 000's kgs.)	Cloth (in 000's metres)
<u>BOMBAY</u>			
1970-71	11,65,612	1,71,389	11,20,312
1971-72	12,46,614	1,78,610	11,03,066
1972-73	12,41,015	1,82,732	11,69,100
1973-74	10,62,193	1,66,229	11,25,107
1974-75	10,41,002	1,60,889	10,73,977
1975-76	12,45,965	1,68,169	10,69,070
<u>REST OF MAHARASHTRA</u>			
1970-71	3,59,132	54,992	3,06,181
1971-72	3,83,761	57,769	3,04,530
1972-73	4,20,052	68,219	3,14,288
1973-74	4,44,172	67,914	3,35,081
1974-75	3,78,023	57,071	2,77,327
1975-76	4,32,009	61,902	2,44,277

Production of yarn in the rest of Maharashtra has increased in 1975-76 compared to 1970-71. Now it produces about 61 million kgs. against 54 million kgs. as during 1970-71. But the production has a decreasing tendency in Bombay. The production steadily declined from 1971 million kgs. in 1970-71 to 168 million kgs. in 1975-76. Production of finished goods mainly depends on the consumption of yarn. Again the production of yarn depends on the production of raw cotton. The production of raw cotton and consumption by the mills thus becomes necessary before discussing the production trends.

Production of raw cotton and consumption :

The production and consumption of cotton is considered to be the sign of its industrial prosperity. With total production of 6,526 thousand bales in India, Maharashtra alone produces 917 thousand bales, i.e. 14.2% and as such occupies 3rd place in order in the production of cotton in India. The total consumption by the Indian mills are 5,592 thousand bales and of that the mills in the State of Maharashtra consumed more than 10,000 thousand bales, i.e. about 1/5th of the total production is consumed by the mills of Maharashtra. Besides the consumption of cotton, these mills also consumed foreign cotton. Indian mills consumed about 7,67,000 bales of foreign cotton, of which the State of Maharashtra consumed about 2,76,000 bales, it is about

MAHARASHTRA COTTON PRODUCTION AND CONSUMPTION

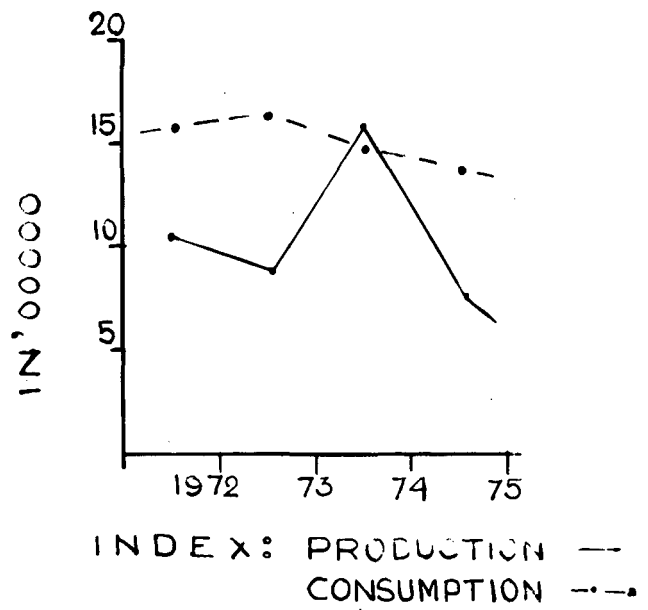


FIG 49

cotton production and

consumption of

1/3rd of the total foreign cotton. Monthly consumption of Indian and foreign cotton by the mills in India and Maharashtra are given in the Appendix.

Table 49 shows the disparity between the industry's requirements of cotton and its production in the State. Hence the deficit of raw cotton has to be met by imports (Fig. 49) .

Table 49

Cotton production and consumption by mills in
Maharashtra since 1971-72

(in 000' bales of 180 kgs. each)

Year	Production	Consumption
1971-72	1053.3	1630.3
1972-73	940.6	1661.0
1973-74	1653.6	1506.2
1974-75	781.3	1419.0

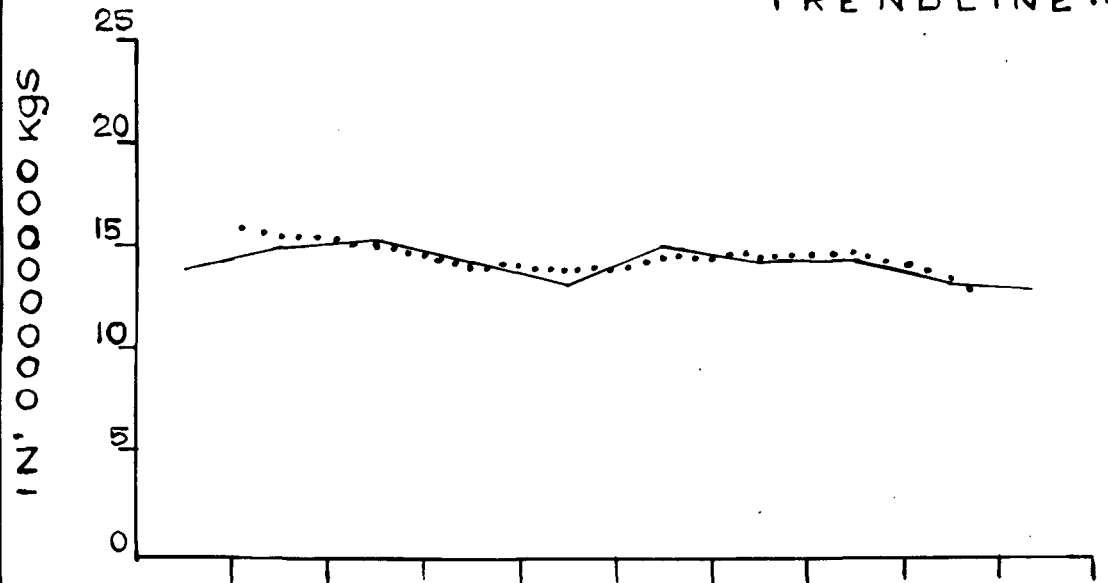
A brief review of the cotton supply position shows a disquieting position. Production and consumption is not adequate. The position became so acute during the Third Plan period that the industry felt constrained to a block closer of all the mills in the country for a period of fifteen days. It was, however, eventually decided that the industry should observe an extra holiday in every week with effect from 12th December, 1966. Later in the subsequent months some improvement having been witnessed in the supply position, the compulsory holiday system was revised to one extra holiday every fortnight from 10th April, 1967. The loss to the nation, as a result of such short working by such a vital industry on account of the shortage of cotton, is bound to be heavy. Mill closures during the periods led to a loss of Rs. 70 to 80 crores (total India). In the meantime, the mill industries spinning capacity has continued to grow, involving a corresponding rise in the demand for cotton in 1973. It is estimated that 1500 lakh bales of cotton are required annually in order to engage these spindles fully as against the present output of 781.5 lakh bales. If earnest efforts are put to raise the present yield per acre substantially by means of modern agricultural practices, the target need not be regarded as over ambitious.

MAHARASHTRA

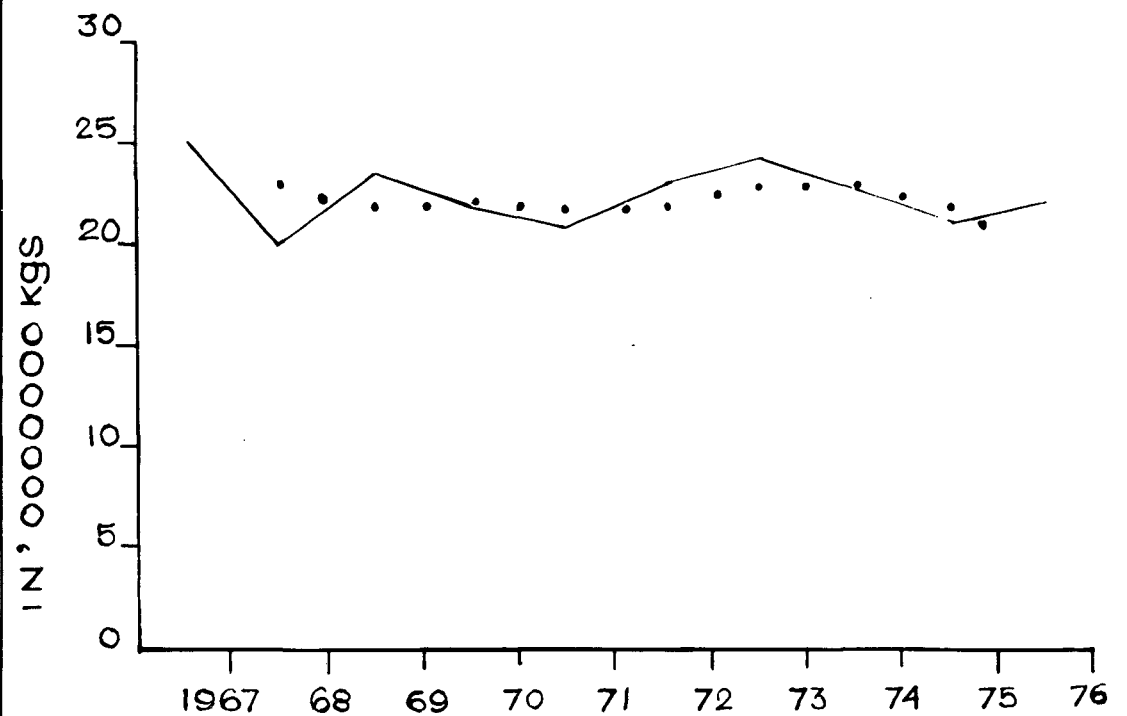
TREND IN PRODUCTION

CLOTH

ACTUAL PRODUCTION —
TRENDLINE ...



YARN



Production Trends :

Production has, however, fluctuated from year to year. Production was decreasing from 1967 onwards. In 1967-68 the production of yarn fell sharply to 206 million kgs. as against 256 million kgs. in 1966-67, and recovered marginally to 239 million kgs. in 1968-69. In the case of production of cloth in 1967-68 it increased to 1560 million metres against 1434 million metres in 1966-67. But after that it sharply fell to 1313 million metres in 1975-76. The production figure of cotton yarn and cloth can be found from table 50. The trend value also has been calculated in it for showing the production trend. The trend value in the production of yarn and cloth are calculated by Method of Moving average (Fig. 50).

Table 50

Calculation of Trend Value by the Method of Moving Average
for Cotton Mill Industry

Year	Production of Yarn (in 000000' Kgs.)			Production of Cloth (in 000000' Kgs.)		
	Production A	3 Yearly total B	3 Yearly moving average C	A	B	C
1966-67	256	-	-	1434	-	-
1967-68	206	691	230.3	1560	4628	1542.6
1968-69	239	671	223.3	1534	4521	1507.0
1969-70	226	665	221.6	1427	4358	1452.3
1970-71	210	666	222.0	1396	4331	1443.6
1971-72	230	688	229.3	1508	4387	1462.3
1972-73	248	712	234.0	1483	4451	1483.7
1973-74	234	699	233.0	1460	4293	1431.0
1974-75	217	671	223.6	1350	4123	1377.6
1975-76	220	-	-	1313	-	-

Table 50 shows the trend values of cotton yarn and cloth. In both the cases the production showed their decreasing tendency. It is mainly due to short supply of raw materials and for the frequent closure of the mills for want of raw cotton in the Third Plan period.

Another important thing can be found from Table 49. There is great variation in the production between Bombay city and rest of the State. But, in both the cases the trend value showed a declining tendency except in the production of yarn by the rest of the State. Production of yarn fell from 206 million kgs. in 1965 to 168 million kgs. in 1976, but for the rest of the state it increased from 50 million kgs. to 62 million kgs. This shows that the interior of the State introduced more spindles for yarn production as the number came down in Bombay city. In 1965-66 rest of the State had 1019365 spindles and Bombay had 3558057 spindles but in 1975-76 it rose to 1373264 spindles in the rest of the State and in Bombay it came down to 3548352. Regional variation in the production trends is found from Table 51. Trends value for Bombay (Fig. 51 & 52) and rest of the State are calculated separately in Table 52.

BOMBAY

PRODUCTION TREND

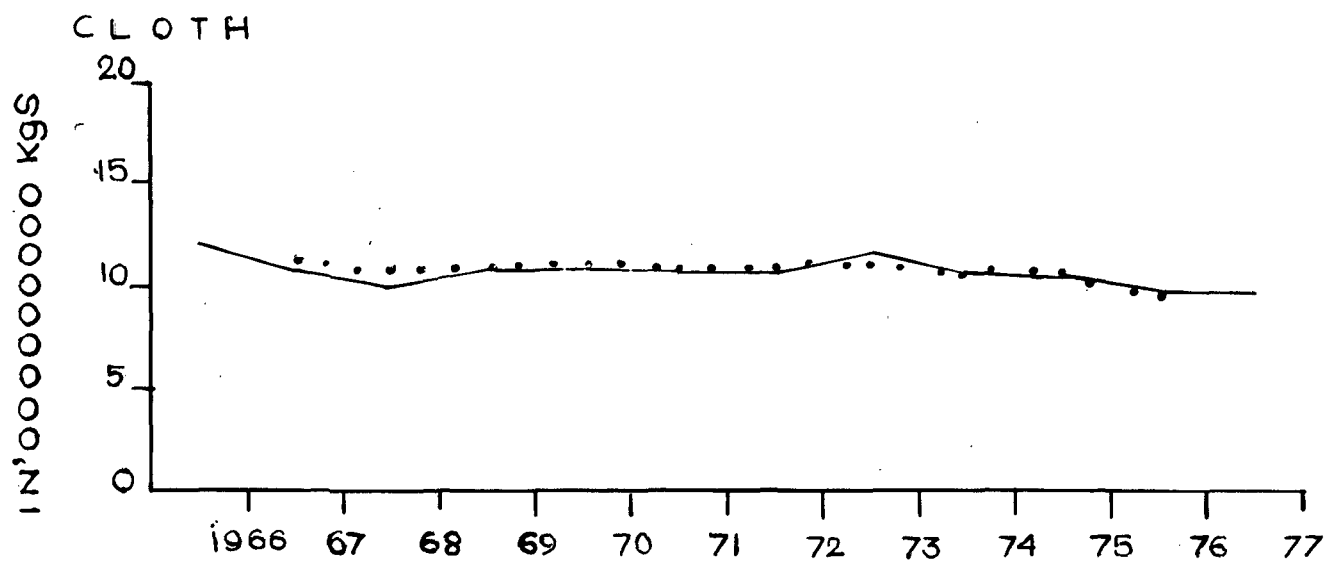
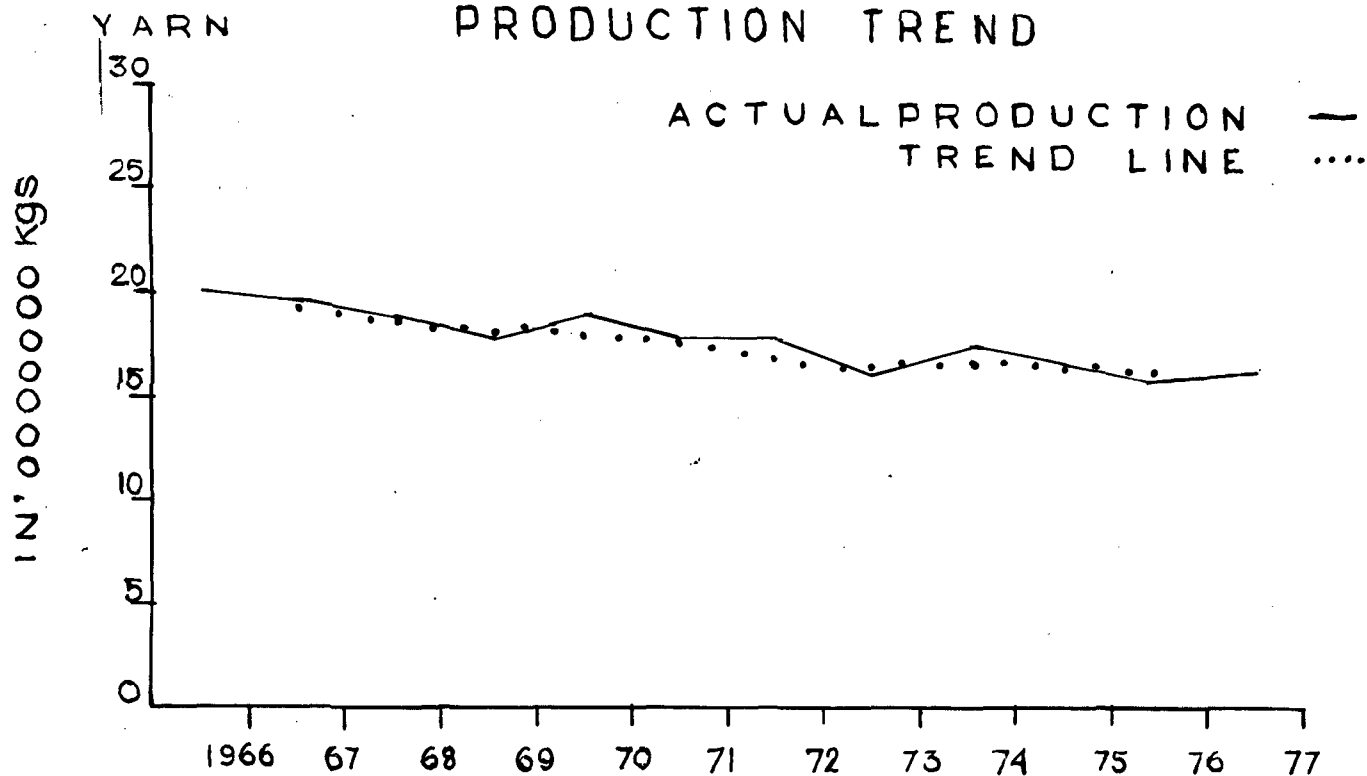


Table 51Production Trends (Bombay)

Production
(in 000000' kgs.)

Year	Y a r n			C l o t h		
	Produc- tion	3 Yearly total	3 Yearly moving average	A	B	C
1965-66	206	-	-	1243	-	-
1966-67	195	585	195.0	1143	3471	1157.0
1967-68	184	550	186.6	1085	3396	1132.0
1968-69	171	537	179.6	1168	3390	1130.0
1969-70	182	529	176.3	1137	3375	1125.0
1970-71	176	529	176.3	1120	3379	1126.3
1971-72	171	506	168.6	1120	3443	1147.6
1972-73	159	508	169.3	1203	3482	1160.7
1973-74	178	503	167.3	1169	3497	1165.6
1974-75	164	504	168.6	1125	3367	1122.3
1975-76	160	490	166.6	1073	3267	1089.0
1976-77	168	-	-	1069	-	-

Table 52Rest of the State

Year	A	B	C	A	B	C
1967-68	50	-	-	349	-	-
1968-69	55	160	53.3	392	1138	346.0
1969-70	55	165	55.0	397	1193	364.3
1970-71	55	166	55.3	304	1007	335.6
1971-72	51	164	54.6	306	1007	332.3
1972-73	58	175	58.3	305	925	308.3
1973-74	68	192	64.0	314	954	318.0
1974-75	68	191	63.6	335	926	308.3
1975-76	57	187	62.3	277	856	285.3
1976-77	62	-	-	244	-	-

Production of Cloth- variety wise

A study on varietywise production of cotton cloth is found from Table 53. It is found from the table that the production of fine and super-fine cloth raised from 2.2 per cent and 10.6 per cent in 1962 to 7.8 per cent and 18.1 per cent respectively in 1973. But the production of coarse and medium B showed a dividing tendency. Production of medium B declined from 48.2 per cent in 1962 to 35.6 per cent in 1973 but the production of medium A shows some upward tendency. It increased from 21.5 per cent in 1972 to 22.8 per cent in 1974. All these production patterns are discussed above only for the city of Bombay.

Table 53

Production of Cloth in Bombay

Year	Coarse	Medium		Five	Super Fine	Total
		A	B			
1962	222 (17.0)	287 (22.0)	627 (48.2)	29 (2.2)	138 (10.6)	1303 (100.0)
1963	227 (17.9)	289 (22.7)	562 (44.2)	37 (2.9)	156 (12.3)	1721 (100.0)
1964	219 (17.9)	293 (22.7)	562 (43.5)	44 (3.4)	172 (13.4)	1288
1965	197 (15.8)	265 (21.3)	534 (43.6)	56 (4.5)	191 (15.4)	1243
1966	182 (15.4)	208 (18.2)	500 (43.8)	61 (5.3)	192 (16.8)	1143
1967	165 (15.2)	213 (19.7)	459 (42.3)	46 (4.2)	202 (18.6)	1085
1968	171 (14.6)	248 (21.2)	407 (40.0)	58 (5.6)	224 (19.2)	1168
1969	13.6 (12.6)	208 (18.3)	542 (47.7)	52 (4.5)	199 (17.5)	1137
1970	135 (12.1)	174 (15.5)	500 (44.6)	67 (6.0)	244 (21.8)	1120
1971	125 (11.6)	204 (18.2)	472 (42.1)	72 (6.4)	249 (22.3)	1120
1972	155 (12.9)	259 (21.5)	528 (43.9)	53 (4.4)	208 (17.3)	1203
1973	172 (14.7)	278 (23.8)	416 (35.6)	91 (7.8)	212 (18.1)	1169
1974	143 (12.6)	256 (22.7)	498 (44.4)	75 (6.7)	153 (13.6)	1125

Table 54Rest of Maharashtra

Year	Coarse	Medium		Five	Super Fine	Total
		A	B			
1967	52	92	112	3	11	270
1968	60	122	107	5	9	303
1969	48	137	111	5	7	308
1970	43	121	126	8	8	296
1971	-	-	-	-	-	-
1972	-	-	-	-	-	-
1973	35	124	125	18	11	313

Table 52 shows the variety-wise production pattern for the rest of Maharashtra. The rest of the State mainly produced coarse and medium cloth and the proportion of fine and super fine cloth is very low. Only 15 per cent of fine and 4 per cent of super fine cloths are weaved by the mills of the rest of the State in 1970. In 1973 the production was raised to 18 million fine, 11 million super-fine cloth but that also was only 19 per cent of fine and 5 per cent of super-fine cloth in proportion to Bombay city.

Studying production figures of both the areas, it is found clearly that there are significant shifts in the production pattern, either cloth or yarn during the last 13 years. The downward trend in coarse varieties was continued in the case of Bombay city, whereas it showed increasing tendency in the other areas of the State. The relative show of all these varieties in the total production, clearly shows that the consumers' preference continued to be in favour of finer varieties, and coarse varieties are gradually getting out of favour. But the exact opposite picture is found in the interior of the State. Production of super-fine yarn and cloth is very low.

Causes of low production:

Though the capacity of the mills was raised by the production yet it showed only an insignificant change. The main cause of it is the availability of raw cotton. For the last few years the production of raw cotton has been falling. Therefore, keeping a regular flow of raw cotton to the mills was a great problem. Besides, the problem of raw cotton supply, the stringent power cuts imposed in major parts of the country, caused a set-back.

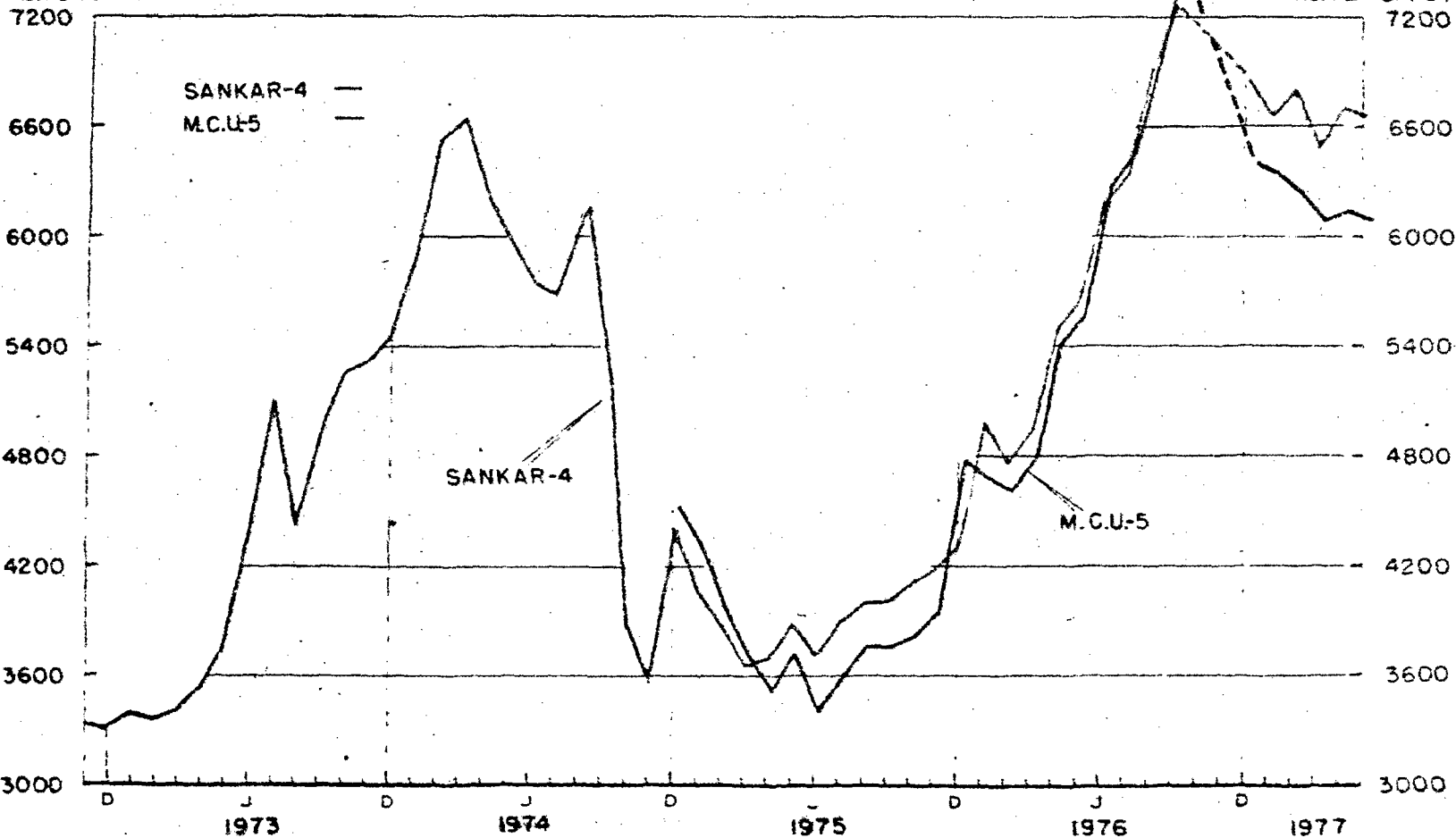
The energy out off was 26 per cent. Therefore, the industry was required to close down for two additional days. With the supply of fuel, both furnace oil and diesal oil posed

TREND OF COTTON PRICES

QUOTATIONS AS AT THE MONTH-END IN BOMBAY

RS. PER CANDY

RS. PER CANDY



a serious problem to the Bombay Cotton Mill Industry. The most important handicap of the industry is the cost inflation. Though the cotton prices have declined with the commencement of the cotton year 1974-75, they still remain much above the level of prices of 1972. Average price of cotton in 1971-72 to 1977 are given in Table 55 for showing its position now (Figs. 53 & 54) .

Table 55

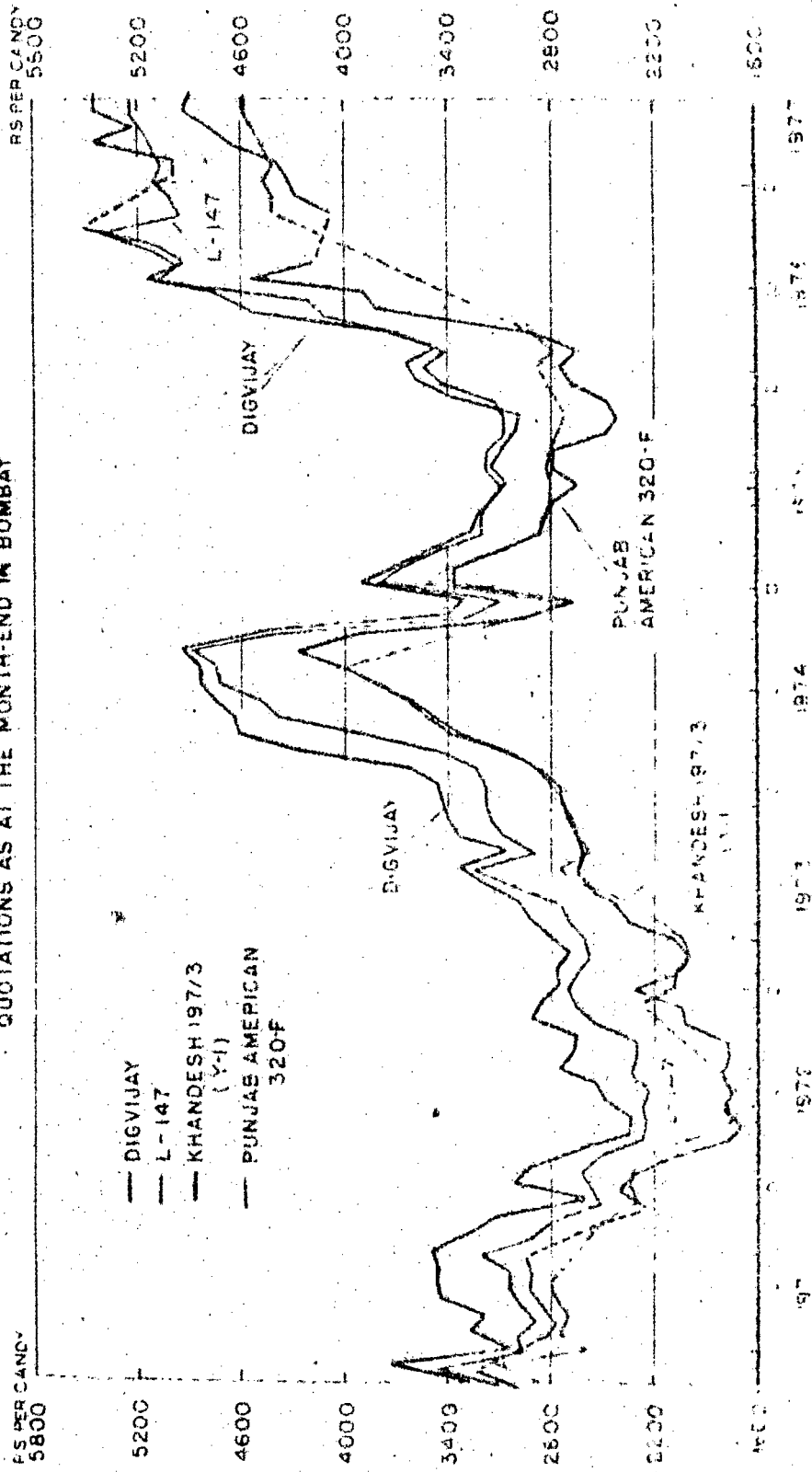
Average price of cotton

Only few variety

Name of the Variety	1971-72	1974-75
Digvijoy	Rs. 2650 per candy	Rs. 3065 per candy
L 147	Rs. 2400 per candy	Rs. 3120 per candy
Khandesh	Rs. 2025 per candy	Rs. 2905 per candy
Kalyan	Rs. 1780 per candy	Rs. 2590 per candy

The cost push inflation is the worse in Bombay. It has increased the cost from 17 per cent in 1972 to 45 per cent in 1974. It means an additional burden of Rs. 320 millions for Bombay cotton mills. Average wages increased from Rs. 339 to Rs. 460.

TREND OF COTTON PRICES
 QUOTATIONS AS AT THE MONTH-END IN BOMBAY



The stores etc. which constitutes about 11% of the total cost has gone up by 30 per cent. Besides these, the industry is saddled with the burden of producing 800 million sq. mt. of controlled varieties of cloth. The prices for yarn of counts 59 and below were controlled by the Government. In the case of yarn of counts 60 and above, the prices were fixed at 6 per cent higher than the regulated price. Since the cost of production of yarn is increased substantially due to rise in the controlled prices of yarn and for other reasons, the controlled prices of yarn became unremunerative and in most of the cases they were much below the cost.

Taking the year 1972-73 over 1971-72, the production was in the decline roughly by about 2 per cent in the case of fabrics while in the case of yarn it was actually on the increase by about 2 per cent. This was mainly due to Central Government's imposing control on production, price and distribution of cotton yarn in 1973.

Government Measurement for Cotton Mill Industry :

The Task Force (in the Fifth-Five-Year Plan) was set up by the Planning Commission for the cotton textile industry. A production target of 10,400 million metres of cotton cloth and 300 million metres of blended cloth to be attained by the rest of the years of the plan, i.e. 1978-79, of this target, the show of the organised mill sector is 5,000 million metre

and that of the decentralised sector is 4,800 million metre. The total yarn requirement for attaining the production target of cloth and other items of cotton textile has been placed around 1,300 million kgs. To attain this production, the Task Force has suggested that the number of installed spindles should go up from 18 million to about 24 million and the number of looms from 2.08 lakhs to 2.94 lakhs (in the whole of India).

The working group also stated that the cloth production target of 4,640 million metres for the decentralised sector might be distributed between handloom and powerloom in the ratio of 3 : 1. The group did not see any need for a change in the present production pattern of different categories of cloth. The Government also is trying to keep the pace between the production and consumption of cotton.

It is found that an appreciable reduction can be made in its costs if it is assured of a regular supply of cotton on the required scale and at reduced prices through increased yield per acre.

In connection, it can be said that "the Government of Maharashtra, whose resources in men and money are infinitely superior to those of a Private Organisation like Indian Cotton Mills' Federation, can do much to improve the present production levels in the State and thus, besides contributing to the greater prosperity of its farmers, set an example to the rest of the country in the quest for maximisation of production of cotton ".¹

1. M.E.D. Council, Agro-Industries in Maharashtra - Problems and Prospects, 1970 , p. 103.