8. Overview: Recommendations for Global Action

The analyses in the earlier Chapters lead us to two major conclusions: (A) The lack of an up-to-date and integrated marketing and distribution structurisation from the production to the retailing stages has been one of the few major causes for the crisis in the cotton textile mill industry. (B) The measures taken by the Government to ameliorate the conditions (i) of the cramped, crippled & sickly units and (ii) of the vulnerable sections of the consuming populations, though positive and well-meaning, were piecemeal, patchy and expedient to tackle temporary exigencies of changing situations rather than to plan for a long term strategy. We shall elaborate them in Sections A and B to suggest remedial action.

Section A

In Gujarat, out of the 1,200 mill units, half a dozen were liquidated, a few more were paralysed or sick, and about 90% were functioning at different levels of efficiency, with hardly 1/6th of the total which could be considered as 'bolti' mills. While the managements of the sick and the weak units tried to lay the blame for the impasses on every one else but themselves, their financial misdoings, managerial incompetence and technological backwardness have been the major contributory factors. The marketing and
distributive organisations, in most of the cases, were poorly structured, tradition-bound and unresponsive to the changing patterns of the demand structure.

One one hand, the population was growing, the overall purchasing power was rising, urban concentrations were expanding and the effective demand for cloth everywhere was having an unprecedented boost. On the other hand, the value systems, not only of the cosmopolitan city dwellers but also of the rural masses, had undergone noticeable changes as a result of the educational, the cultural, the socio-economic and the political awakening in the post-Independence years. The latter had the consequence of an attitudinal metamorphosis that got reflected in the structure and composition of the demand for cotton fabrics. It was not a distinction only between the high quality fine materials & textures and the common low-priced cloth as in the past, but also amongst varieties, colours, tints, shades and designs, that was reflective of a basic twist in the tastes and fashions of the teeming millions.

Again, the segregation of the rural 'folks' from the urban 'modern's, which was a characteristic feature of the tradition-bound Gujarati society, was fast giving way to a twin-trend of homogenisation and universalisation of the demand coupled with the multiplication and diversification of the cloth fabrics.
Hence, the composition of demand territorially, income-bracketwise, age-wise, sex-wise and sub-culturewise had faced a process of continuous and steady change that needed responsive marketing and distributive organisations both at the manufacturing and the intermediaries levels. Those establishments, which forestalled the future and planned intelligently in advance for their needs, flourished; those that lagged behind or whose age-bound conservatism had lent them immunity to change fell or faltered.

The enlightened mill managements restructured their production and marketing mechanisms in time to meet the challenges of change, and even acted as fashion leaders. While all of them made use of the orthodox channels of distribution—the wholesalers, the semi-wholesalers and the retail independent shop-keepers, the enterprising ones cut across all or some of the links in the middlemen's chains to establish a direct liaison with the ultimate consumers of their cotton fabrics. In so doing, they imbibed the spirit of modernity in the structurisation both of the distributive framework and of the owned-controlled-operated retail outlets. They, therefore, had to face various new problems because of inexperience, apart from the need to provide finance for marketing up to the retail level.

It were the financially sound groups with developed cooperate images that could pioneer the move, bear the
initial brunt and make a thrust in the traditional markets. But, neither they nor the others, who continued to use the orthodox channels of distribution, ever cared to look into the efficiency—structural or operational—of any of the intermediaries with a view to improving it. The latter, too, were usually conservative and rarely departed from the traditional paths of the conduct of their businesses. Even their dress patterns and the shop/office arrangements were different in most cases, and were symbolically reflective of this gulf of difference.

What was the result? The primitive, backward and unresponsive trade channel structures inflicted high cost-margin provisions which went against the interests of both the mill units and the ultimate consumers. The intermediate agencies at large, too, had to pay a heavy toll for their low efficiencies.

It is surprising that, barring a few exceptions, the establishments did not, either individually or collectively through their respective associations—give thought to this aspect of their functioning. It is understandable that the small scale functionaries were helpless about the situation. But, the larger ones and their associations could certainly have taken preventive and curative steps to rectify the limiting constraints.
Organisations like ATIRA have rendered a yeoman's service to the textile industry in research and development (R & D) in the technological and manufacturing spheres. I would recommend the founding by the Government of another autonomous body with the active support - financial, technical and managerial - of the different associations functioning at all levels beginning with the millowners' and ending up to the retail level. Such a composite body should be charged with the functions of examining (a) the services rendered by the different channel components, (b) their intra- and inter-relationships, especially with regard to the constituent cost elements and margins at all stages up to the final consumers, and (iii) the intra-organisational structures, problems, and costs of the different agencies in the field of marketing and distribution of cotton fabrics in Gujarat. (The same scheme could be extended to the other States or the country as a whole.)

The NTC organisations are entrusted with the task of taking over and running the tottering and the sick units. This is certainly as it should be. But, that is not enough. It is high time, that, after the lapse of a century and a quarter since the foundation of the cotton textile industry in the country and of about three decades since Independence, we think not merely in terms of national acquisition, running and reconstruction of the weak and sick mill
units, but primarily in terms of the creation of conditions that will reduce—if not eliminate entirely—the possibilities of the mortality and low economic efficiencies of mills and distributive intermediaries.

We have long been pondering over the riddles of heavily worn out and outmoded mill plants and machineries, their modernisation and the overall rationalisation of the textile industry. But, hardly has any thought been given to the question of rationalizing the marketing and the distributive functions and functionaries at all levels—much less in an integrated manner—either at the national or the state level, even though in modern times the technological advances in all fields including the textiles industry have to be geared to and supported by efficient and rationalised marketing and distributive organisations. Hence, the suggestion for the creation of an independent organisation that will investigate into the working of each unit and suggest a tailor-made

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* Cf.: 'Commerce Minister D.P. Chattopadhyaya to-day (i.e., 21-12-76) told the parliamentary consultative committee that owners of cotton textile and jute mills would face direct government intervention if they did not open their closed mills either with the help of their bankers or through merger with large units.' (Ref.: The Economic Times, 22-12-1976).

A Commercial News write-up in Sandesh dated 28-12-1976 stated that the number of the textile mills that had stopped operations had reached 41 in November 1976, in the country.
programme for its rehabilitation and growth.

The simplest model in this regard should take the shape of rationalized M & D supporting R & D rather than R & D co-existing with unorganized M & D, as at present.

Section B

Since the years of the Second World War, the Government did take steps to deal with scarcity and high prices of fabrics. While efforts were made to deal with different situations as and when they arose, for most of the times they proved to be inadequate, make-shift, patchy, piecemeal and segmentary, and inadvertently provided loopholes that
It seemed that an undercurrent of subconscious antagonism of the indigenous industrial aristocracy supported by the trading community (composed chiefly of the middle class people) flowed against the masses, that expressed itself in ulterior designs and surreptitious behaviour on the former’s part to foil every move of the Government that would cut down their profits and go against their vested interests. The prejudice was so deeply ingrained in the former that, as a class, they doubted the bonafides of every action of the Government. The consequence was that, despite all precautions and fool-proof decisions, the Government was frequently put in a defensive position.

Many a time, the incompetence of the concerned Government servants and/or their collusion with the vested interests were responsible for the fiascoes in the execution of the Government’s best decisions; the stables were locked after the horses had fled!

Consequently, the Government had to face both external and internal sabotages so that the very purpose of controls and regulatory actions got defeated and the vulnerable sections of the society continued to be the worst sufferers. Some of the private sector entrepreneurs—mill magnets, wholesalers, semi-wholesalers and large retailers—had proved to be very shrewd and cunning; they torpedoed the
Government measures without getting trapped, legally. Again, frequently, the different channel components/their associations enacted dramas, so to speak, of criticizing one another amongst themselves to play a deeper game to hoodwink the Government machinery. (This reminded one of the internal strife-ridden East India Company putting up a united front again the Indian rulers and their populace!)

The only solution to this complicated, complex and continued struggle between the Government and the vested interests on the supply side is to have an integrated three-pronged drive consisting of (a) the preparation of a blueprint for coordinated legislations and administrative orders encompassing the entire gamut of the activities of all the marketing and distributing functionaries at all levels from end to end, in all types of fabrics—controlled and non-controlled, under the enlarged jurisdiction of the Textile Commissioner, (b) the rationalization and strengthening of the interrelations amongst the multi-tier cooperative distributive agencies, on one hand, and between them and the private & the public sector enterprises, on the other, and (c) the propagation and solidification of consumerism as a countervailing force.
