CHAPTER - II

HISTORY OF COTTON TEXTILES TILL 1951

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The East from the days of recorded history has been famous for its textiles, specially India from time immemorial was known for quality and variety of fabrics and her textiles were send to Babylon, Egypt etc. One can find the evidence of the use of clothing in various hymn of Rig Veda which gave descriptions of dresses for males and females on the occasion of marriage festivities and daily life. The excavations at Mohenjodaro also provide the evidence of cotton fabrics in India.

During the 1st century A.D. Indian muslin became famous in Rome under such names as nebula and gangetika. The Ajanta paintings attributed to 6th century A.D. show the embroidery, brocading and fine muslin weaving of that time. From 12th century onward Indian dyed cotton goods were exported in bulk to Egypt and many such pieces have been recovered from the sites of old urban rubbish dumps specially at Fustat (Misr al-Qademah).

1. "Young and white robed daughter of Heaven - like a wife desirous to please her husband putting on becoming, Attire and ... displaying her charms".

2. According to Encyclopaedia Britannica cotton cloth was woven at least as early as the 3rd millinium BC. The few minute fragments discovered from the walls of the silvervase in which they have remained for at least 4000 years.

3. The History and Culture of the Indian people volume 10 Part II R.C. Majumdar, Bhartiya Vidya Bhawan 1965 pp. 422-423.
The export trade in cotton goods from India to Asia Minor, Africa and whole of Europe continued until fifteenth century. Due to muslim conquest the old trade routes were disturbed and for some time trade was discontinued but the discovery of new sea-route to India facilitated trade with the West. Throughout the seventeenth century sale of cotton good expanded very rapidly. So much so that in 1700 a Bill was introduced in the British Parliament to prohibit the imports of Indian cotton textile. The British Parliament passed "The Calico Act" which prohibited the use and wear of all printed, flowered or dyed calicos in apparel and household stuff. This contributed to the development of cotton manufactures in England, and at the same time, the measure gave a death blow to the coveted fabrics of India. This is shown from the fact that exports of Dacca muslins was completely extinguished in 1820 as compared to the figures of about 30 lakhs worth in 1787.

Between 1765 and 1785 James Watts steam engine, James Hargreave's spinning jenny, Richard Ark Wrights spinning frame and Kay's flying shuttle revolutionised the process of textile production. These changes vastly increased

the pace and volume of production of the British textile industry which attained the dominating position in relation to its counterparts in the rest of the world. In fact over 60 percent of the cotton goods that entered the world market were made of Lancashire.

ERA OF MODERN TEXTILES

India a British dependancy and a country of the size of European Continent, had to bear the brunt of Lancashire aggressive sales promotion and became the single largest buyer of Lancashire's products. The textile industry of India, was virtually put out of gear. In a candid appraisal of Whitehall's economic policy towards India. The A.K. Connell in his book observed "The Lancashire textile together with the free trade policy had very adversely affected the Indian industry. The rulers were neither willing for restoration of the traditional spinning and weaving industry nor were willing to meet the genuine aspiration of India to fall in the line with other countries."

The Idea of starting factory production of cotton cloth and yarn in India took shape during the first two decades of the nineteenth century. The first two decades


of the nineteenth century. The first cotton mill in India was established by a leading firm of English traders in Calcutta towards the end of the second decade of the last century but it did not turn out to be a success. The second venture in Bengal in 1830 was however more fortunate and is still exists as the Bowreah Cotton Mills Company Ltd. Similarly, in the French settlement of Pondicherry the Savana Mill started working in 1830.

The Industry however, found Western India and especially the Island of Bombay most hospitable and the foundation of Indian cotton mill industry was literally laid in this town. In the year 1854, cotton mill industry found its base not only in Bombay but also in the up country. It was in that year that Cawasji Nanabhoy Davar a resourceful Parsi businessman pioneered factory production of yarn and cloth in the city. Thus the first cotton textile mill called the Bombay Spinning and Weaving Mills situated at Tardeo came into existence in Bombay and went into production on February 1856. Davar established a second mill which was called the Bombay Throstle Mill and went into production in 1859. A third mill known as Oriental Mill in 1858 was started by a Parsi Merchant and by 1875 28 mill were established in Bombay. Meanwhile, Ahmadabad which was in the olden days a centre of artistic cloth produced by handloom weavers had also begun to emerge as an important centre. On May 30, 1861, the first cotton mill in Ahmedabad was founded by Roa
Bahadur Ranchodlal Chholalal and later he founded two more mills in 1869 and 1877. In Bengal 15 mills were established specially around Calcutta.

The impact of the American Civil War on our industry was significant and the Indian manufacturers of cotton goods have goods profits. The money made in the cotton boom was invested in various new concerns. Inspite of the handicap of adequate knowledge of modern industrial techniques and organisation, they succeeded because of great natural factors viz. assured supply of the raw material and unlimited market were in their favour. But the success of such an industry had alarmed the cotton industry in Lancashire of cotton goods of India. This was followed by an agitation from Lancashire to get the import duty on cotton yarn and piece goods abolished. In consequence, the import duty was gradually removed and when at a later date in 1894 such duties had to be imposed for the purpose of revenue, they had to be accompanied by an excise duty of equal amount on the production of cotton goods in India to counter vail the import duties.

The other factor which hampered the progress of textile industry was passing of factory legislation in India in 1881 regulating the hours of work and age of child labour under

8. Economic conditions in India P. Padmanabha Pillai, George Rautledge and sons Ltd. 1928 Page 190.
the pressure from Lancashire. The primary objective was to bring about a rise in the wage cost of Indian textile industry which might cripple its competitive ability.9

Another adverse factor for Indian textile industry was the closing of mints in 1893, resulting linkage of Indian currency with gold, which destabalized her relations with Chinese currency. This resulted in a sudden and great fall in our exports of yarn to China and Japan.

The reverses of the early years of the 1890 were aggr­ravated by the bubonic plague in Bombay in 1896 which claimed as many as twenty thousands lives in three months and result­ting into mass exodus of people. Hence there was a tremen­dous decline in mill attendance which fell to about 20%.10 The epidemic seriously impeded the progress of the Bombay mill industry. Another calamity was a severe famine in the North West India which affected the industry. About the same time cotton mills were established in China and Japan which affected trade from India. Instead from importing Indian yarn now they import only raw cotton.11

So we have seen that despite its many destruction the mill industry made good progress throughout the initial period of its establishment which lasted till 1891. The industry stepped into the present century in a chastened mood. The industry adjusted itself to the changing conditions after its reverses in 1890 and began to move forward from 1901.

**SWADESHI MOVEMENT (1900 - 1914)**

The effect of the unfortunate events at the end of the last century gradually disappeared and the industry once again started marching ahead from 1903. The demand for yarn from China was large during the years that followed and the Swadeshi Movement gave an impetus to the local demand. The public opinion which favoured protection made Swadeshi Movement as one of the major policies of the freedom struggle. It is contrary to British government policy which was opposed to providing statutory safe guard to Tariff and duties. The Government camouflaged its indifference to Indian by propagating the adoption of free trade policy. But considering situation in India as obtained in the early period of the century, protection was right course to safe guard local industry. The Swadeshi movement was considered to be the only alternative for the proper development of its economic resources.
The movement gradually started gaining ground. Indian National Congress and various organisation lend their full support to the movement. The partition of Bengal gave stimulus to the Swadeshi movement which rapidly attained country wide proportions and the campaign for boycotting foreign goods become wide spread. The new movement was mostly directed against British goods and was undoubtedly used as a political weapon. The Swadeshi and the boycott movements provided a congenial climate for starting new industries and for strengthening the foundations of the existing ones. A number of factories for the manufacture of textiles, hosiery and many other articles come into existence in the wake of the new industrial enthusiasm. The number of mills increased from 192 in 1902 to 255 in 1914. The striking feature of the whole period is that where as the number of mills and spindles were increasing almost in the same proportion, those of looms were increasing at a fairly higher rate. This change in the structure of the industry was brought about by the change in trade conditions, the industry increased its attention to the production of finer counts of yarn. The demand from China was for coarser yarn, the local demand, which get an impetus from the Swadeshi movement was comparatively for fine or super fine textiles.
IMPACT OF THE WORLD WAR FIRST AND THE GREAT DEPRESSION

During the war the Industry experienced unparalleled prosperity owing to the near total stoppage of imports from Lancashire. But due to the difficulties of obtaining machines and heavy chemicals only existing mills made profits, and no new mills could be started. The net profits of industry were 10.88, 13.3 and 12.22 crores during 1919, 1920 and 1921 respectively, against only 0.16 crores in 1909 and loss of 0.41 and 0.51 during 1910 and 1911. Progress made by the textile industry during and after the war is shown in the following table:

TABLE 2.1 PROGRESS OF TEXTILE INDUSTRY DURING THE WAR

<table>
<thead>
<tr>
<th>Year</th>
<th>Mills</th>
<th>Capital (Rs.) (Authorised)</th>
<th>Operatives</th>
<th>Looms</th>
<th>Spindles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914-15</td>
<td>255</td>
<td>214,297.234 (£515,078)</td>
<td>260,440</td>
<td>103,311</td>
<td>6598,108</td>
</tr>
<tr>
<td>1915-16</td>
<td>267</td>
<td>219,879.390 (£516.078)</td>
<td>275,871</td>
<td>108,414</td>
<td>6675,688</td>
</tr>
<tr>
<td>1916-17</td>
<td>267</td>
<td>222,805.058 (£518.400)</td>
<td>277,370</td>
<td>110,812</td>
<td>6670,162</td>
</tr>
<tr>
<td>1917-18</td>
<td>268</td>
<td>238,855.966 (£518.400)</td>
<td>284,054</td>
<td>114,805</td>
<td>6614,269</td>
</tr>
<tr>
<td>1918-19</td>
<td>264</td>
<td>276,982.214 (£318,400)</td>
<td>290,225</td>
<td>116,094</td>
<td>6590,918</td>
</tr>
<tr>
<td>1919-20</td>
<td>263</td>
<td>383,579.042 (£318,400)</td>
<td>305,511</td>
<td>117,558</td>
<td>6714,85</td>
</tr>
<tr>
<td>1920-21</td>
<td>280</td>
<td>559,362.255 (£318,400)</td>
<td>322,975</td>
<td>117,953</td>
<td>6652,474</td>
</tr>
</tbody>
</table>

From the table it is apparent that the growth of cotton textile industry in this period was very significant. The number of mills increased from 255 in 1914-15 to 280 in 1920-21. The loomage showed a marked increase from 1.03 lakhs to 1.17 lakhs, an increase of 0.14 lakhs. Spindlege increased from 6.59 lakhs to 6.65 lakh an increase of merely 0.06 lakhs.

The increase in the number of mills after the war was not so much in Bombay as at other centres. The reason was that we have lost foreign market and there was no advantage to locate the industry in a port town so the location which was at the optimum before the war now showed the tendencies of deglomeration and up country centres were found more favourable for establishing new mills. The tendency was brought about the fact that while after 1920 there has been a decrease in number of mills in Bombay city, the number of mills in the rest of India increased by about 79 in period between 1921-30.

Apart from this India found it necessary to concentrate more on weaving side to meet civil and military demand during the war. That is why the progress of the industry was well marked in weaving section. The war gave an impetus to cloth production, for the neglected home market, was less risky and more profitable than yarn production for foreign markets like China, which enabled the country to compete with the coarser varieties of imported cloth. The Indian industry
can justifiably take pride that all the military requirement of cotton goods in the eastern theatres of the war were supplied by it. Though separate figures are not available it is stated that India sent manufactured goods, equipment and stores to various theatres of war to the value of £ 8,000,000 by 1918. The industry made huge profits and consequently paid high rate of dividends during the war period. For Bombay textile Industry 1920 was the peak year in respect of profit. Thus the first world war made a significant impact on this industry. The mills overcame their financial difficulties and there was a over all improvement in methods and machines. Thus it could be concluded that the opportunity provided by the war, was gainfully utilised by Indian textile which increased its loomage output of profits. The prosperity of the industry in this period is thus not due to any internal development but to world causes. There was a world boom in many industries, including cotton soon after the termination of the War.

However, this era of prosperity had its adverse affects too. Indian firms placed orders for British Textile machinery at peak prices in expectation of huge profits, but the boom was shortlived and lasted only for four years and the mills which were not having far sighted management found themselves in a very bad situation. Another feature was that wages increased due to inflationary pressure. The factors resulted into loss of export market in yarn, gradual decrease of dominance of

Bombay as a main centre and the share of Japan in the import trade also increased.

DEPRESSION

The boom in the industry lasted for a period of six years at the end of which the crash came. The world-wide commercial crisis of 1920-21 caused a glut of imported pieces, goods at the ports, due to fall in prices, as it is evident from the fall of the total earning of the Bombay mills. The net profits of the Bombay mills fell from Rs.388 lakhs in 1922 to Rs.33 lakhs in 1923 and there was a loss of Rs.92 lakhs in 1924 and a loss of Rs.134 lakhs in 1925. These figures indicated a serious position but in Ahmadabad and in the other up country centres the position started improving after 1923.

The chief causes of the depression that were peculiar to India were as follows:

The purchasing power of the agriculture class fell due to constant and wide fluctuations in the prices of vital raw material since 1920.14

<table>
<thead>
<tr>
<th>Year</th>
<th>Prices of Indian Cotton (Product in Bombay Rs. per candy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921</td>
<td>342</td>
</tr>
<tr>
<td>1922</td>
<td>479</td>
</tr>
<tr>
<td>1923</td>
<td>510</td>
</tr>
<tr>
<td>1924</td>
<td>560</td>
</tr>
<tr>
<td>1925</td>
<td>432</td>
</tr>
<tr>
<td>1926</td>
<td>346</td>
</tr>
</tbody>
</table>
Another vital cause was the external competition particularly from Japan. Japan competed with Indian mills specially in the range of 30s and above counts for which our prices were generally higher than the Japanese sales price causing depressing affect on our mills.

Price cutting and dumping was another cause. Japan could compete successfully in Indian market due to certain distinct advantages like climatic conditions, cheap female labour, highly organised system of purchase of raw cotton, efficient manipulation of exchanges and double shifts systems.

Defects in internal organisation due to managing agents over capitalisation of the industries. Heavy interest charges to be paid.

The financial system of the industry was defective and the industry depended on public deposits of long and short term duration resulting into instability of finance.

The effect of the depression was that the Bombay mills did not pay bonus in 1924 resulting into two months strike. In July 1925 the millowners Association declared their intention of reducing the wages by 11½ per cent from September 1, at the same time demanding the abolition of cotton excise duty. The declaration of reduction of wage-level was followed by a serious strike in the industry. With
the suspension of cotton excise duty by the government, the millowners withdraw the proposed wage cuts. The abolition of excise duty could not improve the conditions of the industry. Consequently government appointed a Tariff Board in 1927 under the presidency of Sir Federick Noyce.

The Tariff Board recommended better organised purchase of raw materials, adaption of devices for attaining higher productivity, greater diversification of production, maintenance of closer touch with consuming centres in India as well as abroad etc. As regards protection, Board recommended raising of the import duty from 11 percent to 15 percent for three years and the exemption from import duty of cotton textile machinery and mill stores. The government of India accepted only maintenance of closer touch with consumer centres and rejected the other proposal on the ground that this long established industry, should need no protection. This decision met with storm of protests and the mill owners sent a deputation to the Viceroy to plead for a greater measure of assistance. As a result the government revised its original decision, protective duties were imposed on cotton yarn to the extent of 5 percent and valorem or 11½ annas per pound, whichever was higher by the Indian Tariff Act 1927, for a period extending up to 31 March 1930. The duty on machinery and mill stores was also removed.
HARDY's INQUIRY:

Tariff Board measure of protection was found to be insufficient. The Japanese competition still continued to grow and Bombay units faced strikes in the year 1928 and 1929, the depression in the industry continued and the general feeling was that more protection was needed. As a result the government appointed Mr. G.S. Hardy in July 1929 to investigate the extent and severity of external competition. Hardy's Report invited the government to grant substantial assistance to the mill industry and in April 1930, the cotton textile industry protection Act was passed. The revenue duty on piece goods was increased from 11 to 15 percent on British goods.

TARIFF BOARDS INQUIRY - 1932

Despite this high tariff Japanese imports continued to increase and to depress prices. The situation was further aggravated by a fall in the Japanese Yen (1932). The Tariff Board was therefore directed to make an emergency inquiry (July 1932) in the question of further protection to the cotton industry in India. The Board recommended that the duty on all piece goods not of British manufacture be raised from 31\% percent to 50 percent advalorem which was further raised to 75\%. At the same time, notice was given of government intention to abrogate the Indo-Japanese Trade convention
of 1904 to counteract Japanese dumping.

**TRADE AGREEMENT OF 1932 AND 1933 AND 1935**

The industry was anxious that the competition from textile exporting countries in the Indian market should be drastically reduced by every possible and legitimate means. Persuant to this policy, Ottawa Agreement of 1932 was signed under which preference of 10% was given on cotton silk, artificial silk manufactured by India to England. In return England would allow a free entry of certain Indian goods and promised to popularise Indian cotton in Great Britain and other countries. This policy was continued as being discriminating and the Indian millowners signed Mody Lees Pact in October 1933 with Lancashire. Under the Pact lesser protection against British goods was agreed upon for two years. It was also criticised on the same lines as was the Ottawa Agreement.

In spite of opposition, Indo-British trade agreement incorporating more or less the provision of the Mody-lees Pact, was signed in 1935. The much condemned Ottawa Pact came to an end by 1936. A new agreement came into operation in 1939 named Indo-British Trade Agreement of 1939. The agreement was more equitable and beneficial to India as compared to the Ottawa Pact.
THE INDO-JAPANESE TRADE AGREEMENT

Owing to the depreciation of Yen by about 61 percent Japan could successfully compete in Indian market and even the high duty of 75% was found insufficient. The government denounced Indo-Japanese convention of 1908. Japanese threatened to boycott Indian cotton and which led to the signing of Indo-Japan Trade agreement of 1934 which was replaced by a new agreement in 1937 to remove defects.

TARIFF ACT 1934

The Indian Tariff (textile protection) Amendment Act 1934 gave effect to the conclusions of the Tariff Board 1932 recommendation of giving substantive protection to the cotton textile Industry modified in the light of a new Trade agreement with Japan (1934) and the unofficial Mody-lee’s Pact. The Act fixed the rates of duties at 5 percent on British and 6½ percent on non-British yarn. In the case of piece goods, the duties were fixed at 25 percent and 50 percent on British and non-British goods respectively. The Act guaranteed protection for a period of five years ending March 1939.

INDUSTRY DURING SECOND WORLD WAR

The position of the Indian cotton mill industry was not satisfactory at the outbreak of the second world war in
1939. There was a considerable slackening of the demand for textiles and stock were more than doubled compared to those of 1938. The chain index of profit also went down to 156.8 in 1939 compared to 208 in 1938. This was coupled with a steep rise in the cost of production. Wage increases which were granted early in 1938 had now become onerous. The tax burden on the industry had also increased owing to the imposition of the property tax in Bombay. In contrast with this rising trend of costs, the prices of cotton manufactures were falling during the first five months of 1939-40. In short, a few days before the war broke out the cotton mill industry of India was passing through a phase of acute crisis.

The out break of the war gave a great fillip to cloth production. The demands were heavy and it was physically impossible to meet them in their entirety. The Indian economy had been transformed into a war economy and with the expansion of the armed forces, the requirements of the supply department rose to 1000 millions yards which was as much as 25 percent of the total mills output. The total value of the orders placed with the industry by the government from the commencement of the war till December 1941 was Rs.504 crores.

15. Trade Review 1940-44 page 42.
The mill industry was working at its highest capacity and peak production (4900 million) was reached in 1944. Besides catering to the enormous demands for the supply department, the industry was called upon to give equal attention to exports. India was thus suddenly faced with the necessity of occupying the place vacated by Britain and Japan in the world market for textiles. The exports reached the high figure of 936 million yards in 1942 valued at 39 crores.

There was almost a famine of cloth in the domestic market which forced the government to take strong remedial measures. The government decided that exports should not exceed 600 million yards a year and levied an export duty of 4 percent in 1944 with a view to check exports.17

THE INDUSTRY AFTER SECOND WORLD WAR

The World War Second created numerous problems to the industry namely inadequate supplies of textile equipments, inadequate shipping facilities, rising costs due to spurt in the cotton prices from Rs.147 to Rs.337 per bale sharp increase in the prices of other materials such as bleaching powder, dye stuff etc. and above all the deteriorating indus-

trial relations following rising prices.

The other set of problems were the result of harnessing of resources for war efforts including diversion of textile operatives to ammunition factories, use of mills premises for storing food and other commodities etc.

Apart from the shortages of various materials there were frequent stoppages of work due to 'Quit India' movement inaugurated by Mahatama Gandhi in 1942. The industrial workers in India's big cities were politically conscious and the Congress campaign against the Raj was enthusiastically supported by them. In Bombay city alone, there were 27 strikes in 1942 resulting in the loss of 2,24,000 man-working days.\(^{18}\)

The output of the organised and the handloom sector was thus barely 7000 million yards out of which a sizeable portion was taken away by war orders and exports.\(^{19}\) Thus the per capita cloth available for civilian consumption was less than in the pre-war years. The scarcity conditions were felt acutely during the later half of 1942-43 resulting into the sale of large volumes of cloth at Black Market prices. The prices of some varieties shoot up by 400 percent in less


\(^{19}\) Review of the Trade of India in 1942-43 Page 25.
then twelve months.\textsuperscript{20} Imposition of statutory controls became inevitable under such conditions. The industry undertook to turn a sizable quantities cheap standard cloth for the use of the poorer sections. The standard cloth was not a competitive substitute and its introduction did not, therefore, affect the prices of other varieties of cloth. It was not popular in cities but was readily bought in the countryside, thus fulfilling the expectations of the promoters of the scheme.

Despite the best efforts, the cloth situation continued to deteriorate, compelling the government to promulgate the cotton cloth and yarn (Control Order) on June 17, 1943. Under it, an elaborate system of controls was set up to regulate the production, prices and distribution of cotton manufactures. In April 1944 further steps were taken to ensure an equitable distribution of cloth to the consumers at controlled prices.

The Government introduced rationalisation and standardisation of production by an order dated July 1, 1945 deciding a drastic reduction in the number of counts spun by mills and the varieties of cloth produced by them. They were also asked

\textsuperscript{20} Ibid, page 33.
to reserve 90 percent of their productive capacity for the utility cloth. The system of cloth distribution was tightened in order to eliminate black marketing and hoarding. On June 3, 1945 rationing was introduced in Bombay and was later extended to other big cities and towns.

Another problem was that the industry badly needed rehabilitation. The scheme of renovation and expansion would cost large sums of money. Perhaps much more than the profits made by the industry under the war conditions. There were, however, many uncertainties about the issue of modernisation. Firstly, the question of machinery supplies had assumed serious proportions. Long established machinery maker from whom India had been buying her requirements, had gone out of production during the war years and they needed time to return to normalcy in their working. Orders for machines were pouring up on them from all over the world so that they were forced to ration even their long established customer and apply priority ratings to them. Secondly, it was realized that the prices of the new machinery, would be three to four times higher than pre-war value since their producers like all others, had with cost inflation. The rehabilitation allowance was insufficient for the actual replacement costs.

In its post war planning, the Government of India in June 1941, appointed a post-war Reconstruction Committee to consider the problem of transition from a war-time to a peace time economy and a serious thought was also given to the question relating to the future of the textile industry. In 1945, the post-war planning committee of the textile control Board undersook a study of the size of the cotton mill industry in the post war era. The committee recommended that the productive capacity of the mills should be expanded in order to yield annual output of 7200 million yards of cloth. In addition they should be able to supply yarn to the handlooms to produce 2000 million yards a year.

The Government of India appointed an expert body under the Chairmanship of a well known millowner Mr. D.M. Khatau in 1945 to examine the question of industry's expansion in the post war years. The Report was submitted in 1945. It agreed that production be increased from 4800 million yards to 7200 million yards but opposed import of second hand or reconditioned machines. The Government accepted most of its recommendation even the suggestion of decentralisation of industry. A notable step by the Government was the creation of cotton textile fund in 1944 out of the proceeds of a cess of 3 percent on the value of the exports of cotton manufacturers.


23. Ibid, pp. 11-12.
CONSEQUENCES OF PARTITION

India's partition in August 14, 1947 caused dislocation in the normal working of the industry and gave a great blow to the Indian cotton textile industry as indeed it was to the entire Indian economy. India always enjoyed the advantage of self-sufficiency in cotton and was exporting more than 2½ million bales of cotton but partition created a large deficit of this essential raw material. Before partition India was producing about 3400 bales of cotton which was reduced to 2100 bales after partition. India lost about 10 lakhs of bales of cotton after partition. Following its division the country was deprived of 15 mills, with 88 thousands spindles, 6 thousand looms and 22 thousands workers. But the more serious effects were the loss of an assured internal market of cloth to the extent of roughly 1000 million yards.24

Nevertheless, the end of the British rule in India marked the beginning of a new era in the history of this country. The new rulers of India were ardent believers in the country's industrial development. The question that faced the cotton mill industry in free India was not how it could safeguard its position from foreign competition but how best it could rehabilitate itself and serve the country.