

# Industrial Development in Punjab during Provincial Autonomy: 1937-47

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## Abstract

*Until W.W-I, the Britain's attitude toward the growth of industry in the Punjab was hostile as they would want this province to remain predominantly agricultural. At the best, they favored those industries which would not come in conflict with the industries of Britain; rather would serve their interests. But the Industrial Commission (1916-18) and the Fiscal Commission (1921-22) brought in a policy of discriminating protection. The ruling Unionist Party attitude became somewhat pro-industrialization as the Britain had granted a few economic concessions during the War. Industries like Cotton, Steel, Consumer goods, Woolen Mills, Distilleries and Paper Making did make some headway. W.W-II created an urgent need for the growth of some key industries which raised the general index of output of the Large-scale industries. Since Punjab neither possessed capital goods industries nor had technical knowhow, their growth did not last long. All said, almost all types of industries excepting Flour and Rice Mills showed a negative % growth of Output Value.*

## Key Words

Industrial and Fiscal Commissions, Post –War Development Plan, Laissez-fair Policy, Protection and Excise Duty, Cotton, Woolen , Sugar Industries, Sericulture, Foundry, Economic Historians

## 1.0. Introduction

After annexing Punjab on 2<sup>nd</sup> April, 1849, the British started abusing both the economic and political power in an un-sympathetic and hostile way. There came a rapid decline in Cotton Spinning, Weaving, Dyeing and Tanning, primarily due to the import of cheap machine-made goods from Britain [1] as:

“it was thought inevitable that India remain predominately agricultural, whilst the Government wished to avoid both the active encouragement to industries (the cotton mill industry) competed with powerful English interests and increased State expenditure” [2].

Before 1916, the contribution of the British Government towards India's industrialization was minimal, i.e., ‘a case of too little and too late’. The modern industries started getting some encouragement from the government after the outbreak of WW-I (1914-18). Indian Industrial Commission(1916) was appointed which recommended (1918) the Government to play an active part in country's industrial development and made suggestions about industrial education, research, organization of technical and scientific services and industrial department, industrial finance, fostering of cotton industries and provisions of transporting and marketing facilities [3]. Though its recommendations were accepted but due to the adverse financial position post WW-I, their implementations were delayed. No doubt, the Reform Act (1919) made the industry a Provincial Subject, but the province became handicapped because the depreciation of Yen in 1923-25 and 1932 intensified Japanese competition in Indian markets [4] as observed (1936) by, ‘The Economist’ as regards to India's industrialization effort:

“Although India has begun to modernize her industries, it can hardly be said that she is as yet being industrialized”.

## 2.0. Methodology

The research material was collected both from the official and non-official agencies using primary and secondary sources and had been discussed in our previous publication [5].

### 3.0. Discussion

Admitting that the province started late on the course of industrial development and would, henceforth, pay the careful attention to this essential requirement of full economic life in respect of both agricultural and industrial, the Unionist Government, maintaining a pro-British, pro-agricultural stand, sanctioned for a complete industrial survey of the Province, to be conducted, district by district and industry by industry was spread over a number of years [6]. In 1921, 801 factories, mines, mills and other industrial establishments were at work in Punjab which employed 61, 701 male and 4,755 female workers of whom 31,652 men and 908 women were skilled laborers [7]. But the Indian Factories Act showed 526 registered factories (leave smaller factories) against 247(1921) employing 49,549(1931) as against 42428(1921) [8].

Two points which brought a sea-change in the mindset of the British with respect to revamping industrialization were:

#### 3.1. Policy of Discriminating Protection

The policy of the discriminating protection, as adopted in India, aimed at giving the necessary stimulant to industrial development, while minimizing the burden on community. This involved granting protection to only such industries as proved to be suitable, and insistence on the adoption of efficient methods and one of the necessary conditions of admission to the benefits of protection. It was only after the old *laissez-faire* (Free Trade) policy was abandoned with a policy of discrimination protection in as recommended by the Fiscal Commission (1921-22), wisdom dawned and a rise in the number of industries was noticed (Table:1\*)

**Table1.No.of Industries in Punjab\***

Year	No. of Industries
1901-02	152
1921-22	233
1932-33	696
1939-40	987

\*Figures available for some years

#### 3.1.1. Post War Development Plan

In the Annual Report on the Working of the Factories in the Punjab (1938) showed that there were only 887 registered factories of which only 780 were actually working during the year employing only 72,268 workers. They were classified as perennial factories (418) and seasonal factories (362) coming under the Section 2 of the Indian Factory Act as notified under Section 5. But the W. W-II brought a new phase in India's industrial history as its character, being different from W.W-I, created an urgent and intense need for the rapid growth of India's key industries as well as Small- scale industries. On the outset of war in Europe in 1939, the Large- scale industries, in spite of working to the fullest capacity, found themselves incapable of meeting the ever growing demands of the Defense Services. So the Small-scale industries organized themselves to come to their rescue. Through the agency of these industries, the Punjab was able to supply goods worth crores of rupees in the shape of blankets, blanketing cloths, cutlery, surgical instruments, rubber and leather goods and mosquito nets. When the war ended, the Punjab had to keep the small scale industries alive and help them to hold their self against the large-scale industries. This favored ambience of industrial development as the near-cessation of imports due to war operations. As a result, not only industrial output of large scale industries increased, but also a more widening of the industrial diversification became possible during the war-time years [9]. During 1938-39 and 1945-46, the general index of output of all large scale manufacturing activity (at 1938-39 prices) rose from 100 to 161.6 and that of factory employment increased from 100 to 159.

The Unionist Party, which ruled the Punjab almost whole of the decade during the Provincial Autonomy (1937-47) first under the Premiership of Sir Sikander Hayat Khan and then under Khizar Hayat Khan( after the death of the former), gave a fillip to the industrialization by enhancing the budge provision of industries from Rs.10,88,035 ( 1937) to 25,11,250 ( 1941-42) and then to Rs.35 Lakhs (1945-46)[10].

#### 3.2. Unionist Party's Industrial Policy

The Unionist Party came out with an Industrial Policy which included the following points:

##### 3.2.1. Recruitment of Experts

Quite a number of experts were employed in the industry department for different industries like a Hosiery

expert, a Leather expert and a Wool expert for the development of these industries respectively [11].

### 3.2.2. Repairing Old and Installing New Plants

Emphasis was laid on the maintenance of the old machinery of existing industries and setting up of new ones with the costs estimates of latest designs as well as the training of workers especially in cottage industries.

### 3.2.3. Special Industrial Research Fund (1937)

Khizer Hayat Khan provided Rs.1, 50,000 per annum from 1938-39 onwards with an additional Rs.12, 000 in collaboration with Dhanbad school of coal mines and Punjab Government [12]. Further, a special fund was created (1939-40) towards to develop indigenous crafts and modernization of industries such as treatment of sludge of oil tanks and, thereby, obtaining maximum yield of oil and other economic use of Punjab, crushing of cottonseed oil and manufacture of soap by some simple process.

### 3.2.4. Assistance under Loan Act, 1935

Under this Act, special assistance and loans were sanctioned (Table: 2) with budgetary provisions to genuine and promising industrialists after thorough verification by establishing a Store Purchase Department (1939-40). The proper utilization of the loan was ensured by the frequent inspections and checking of accounts by the first Assistant Director of Industries. As indicated in the Table:2, the amount of loans was appreciably decreased after the onset of W W-II i.e., 1939-40 onwards; the weaving, spinning, tanning, chemicals, food stuffs, aluminium wares and cigarette manufacture being most affected [underTable:2]. The total principal amount outstanding as a loan to 23 industries (declarations issued under section 23 and 24 of this Act); 71 cases were kept under review [under Table: 2] while quite a large number of applicants were refused loans; primarily because of the shortage of the funds by the Department of Industries (DOI).

**Table2. No. of Applicants and Loan Sanctioned**

Year	No. of Applications: Received (Granted Loan)	Loan (Rs.) Sanctioned
1935-36	61(21)	94,000
1936-37	85(35)	99,275
1937-38	100(34)	2, 000,000

1938-39	116(32)	1,27,000
1939-40	N.A.(07)	99, 999
1940-41	51(20)	11,600
1941-42	86(20)	19,700

(a) Reports of DOI, Punjab, 1937, pp. 16, 17; 1939-40, p.38; 1941, p.22. (b) 1940, p.28; 1940-41, p.22.

### 3.2.5. Aid to Industries (Amendment) Act, 1940

This Act increased the amount of assistance to industries such as Rs.28, 840 were granted to 4 industries for the purchase of machinery under the purchase rate. Further, a special grant of Rs. two lakhs was given (1939) for the promotion of manufacturing of sewing machine parts. Again, in 1939-40 budgets, another aid of Rs. two lakhs was provided for other forms [13].

### 3.2.6. Reviving Economy after W.W-II

After WW-II, the Unionist Party provided Rs.4,99, 79150 for industries[14] under Post War Development Plan for their development with emphasis on the improvement of Industrial Education by increasing the number of industrial schools from 23 to 29 ; raising the status of some schools to that of institutions and adding new sections in the existing schools for girls and granting Punjab Victory Scholarships of 1.5 lakhs in 1<sup>st</sup> year and 4.5 lakhs in the 5<sup>th</sup> year of the Plan as well as other incentives [ 15].

### 3.2.7. Miscellaneous

(a) The DOI (1939) was suggested to reduce railway freight on raw materials and finished goods for the N. W. Railways and terminal taxes charged by local bodies on industrial products and raw materials, to acquire sites for factories, to provide cheap canal water to industries and to lower taxes on all industrial activities. The Government suggested to Railways [16]:

“The freight policy of the Railway administration, of which the Punjab has had so many occasions to complain, requires a new orientation, having regard, in particular to the needs of the agriculturist and industrial development of the province”.

Since the problem of railway rates was a national problem, it did not meet with any significant reduction. However the request for the reduction of terminal taxes charged by the local bodies was complied with.

(b) The budget for the DOI was increased from year to year as: Rs.13,47,585( 1934-35); 14,88,635(1936-37); 21, 90,150(1939-40); 25,11,250 (1941-42) ; 34 ,00000(1944-45)[ 17].

### 3.3. Industries in Punjab during 1937-47

They were of two types: Cottage industries and Organized or Large-scale industries.

#### 3.3.1. Small -Scale (Cottage) Industries

They would operate on small scale and would cater local needs. Up to middle of 19<sup>th</sup> century, there were a number of flourishing cottage industries whose products had earned a great respect, started to languish thereafter because they had to compete with the machine- made goods and the spread of western standard of living among the educated. However, they were not vanquished totally as stated by the Indian Industrial Commission (1918) as:

"One of the most striking features of the Industrial life is vitality of the old domestic industries [18].

#### 3.3.2. Relevance of Small Scale Industries

They were important because of two reasons:

Firstly, the Punjab being a predominantly agricultural state, only the seasonal work was available to a vast majority of the ruralites which would result in colossal wastage of the man-power. Even the small holding of the land needed fewer people from their respective families while the other members would while away their precious time without any contribution to the family income. The cottage industries could, well , serve as a mean to utilize the surplus labor force by employing them in some monetarily gainful work of their choice in some small industry in vicinity of their villages so that they live with the family and were also available in case of any need.

Secondly, during the Provincial Autonomy period (1937-47), the Large-scale industries were in their *in situ* states and would take quite a long time establish themselves to employ a large number of people.

#### 3.3.3. Survival of Small- scale Industries

Although all the Small-scale industries were badly hit (especially the textiles) due to the mechanization, yet many could survive this

onslaught due to five main reasons: (a) They have, already, made an appreciable advancement. (b) The popular taste required a variety of goods which, possibly, could not be manufactured on a large scale by modern mechanical appliances.(c) In some industries like the Hand- looms, the artisans had, successfully, adapted themselves to the new conditions and learnt to use superior raw material and better tools[19].(d) Though the self- sufficiency of the village was disappearing but had not become a thing of the past where the railways had not yet penetrated. So some artisans continued to occupy the old recognized place in serving the needs of their villages. (e)The undying attitude of artisans would not let them give up their hereditary occupation and clung to it tenaciously for fear of the hard conditions of factory work.

### 3.4. Growth of Small-scale Industries

The bulk of the raw materials in the Punjab, suitable for industries, were agricultural and the industries that could be built upon these raw materials were in vogue in those times. A detailed discussion on the growth on the various Small-scale industries prevalent during the Provincial Autonomy period would be taken up as follows:

#### 3.5. Cotton Handloom Industry

Large quantities of cotton (both short and long staple) were grown in Punjab. Although, it made the province a large exporter of cotton up till 1920-21, yet this industry remained to be the premier cloth making cottage industry. The hand looms would produce *Khadder*, mostly used by the poor ruralites because of its easy availability and durability. In addition, *Khes*, *dhotis*, *chaddars*, shirting, curtain cloths, *susi*, *lungis*, towels and dusters were also produced. Finer fabrics of artistic excellence were also made but to a lesser extent because its demand was confined to a very small section of population [20].

##### 3.5.1. Decline of Cotton Handloom Industry

During W.W-I (1914-18), the handloom products were given impetus because the mills did not take up the weaving and concentrated on the supply of yarn to cottage workers. But the demand for Indian goods declined during this war because:

(i) The imports into the Indian markets were completely stopped and the mills began to use much of their yarn for weaving; leaving a little for hand looms

and workers had no choice but to depend on imported yarn for making finer and medium quality goods.

(ii) The tariff policy of the Government affected the weavers adversely. In a written statement to Indian Tariff Board (1934), the Punjab Government said that [21]:

“it would seem that the hand-weaving industry is as much endangered by the competition of Indian mills as by that of the imported articles and, therefore, increased tariff unaccompanied by a corresponding internal excise would not assist the hand loom industry”

(iii) People developed a taste for finer fabrics as remarked by the Director, Department of Industry, Punjab [22]:

“that there was a growing tendency on the part of the educated classes to abandon the cloth woven from hand-spun yarn in favor of that of produced by the mills”.

The Fact Finding Committee (Handlooms and Mills) in 1942 also observed [23]:

“that the yarn of above 20 counts used by the handlooms in 1939 was only 9.9% of the total yarn consumed by them which indirectly shows that not less than 90.1% of the cotton goods produced by the weaver suffered from the competition of the mills”

So it was not possible for the handloom weaver to stand against the organized industry. Thus while the population of Punjab increased by 13% between 1867 and 1911, the number of weavers declined by 69%, i.e., from 8,14,797(1901) to 2,68,254(1935)[24].

(iv) With the on-set of W.W-II, Japan and the Britain cut off the supply of yarn. This continued even in 1946 to cause a severe blow to this industry.

### 3.5.2. Reviving Cotton Handloom Industry

The Punjab Government made sincere efforts to revive this industry as:

(i) The Post-War Development Plan set up a special spinning plant to produce cotton yarn to the cotton handloom workers at reasonable rates.

(ii) With a grant-in-aid of Rs.54730(1937-38) from Indian Government, the Punjab Government established a Cotton Handloom Marketing Office [under Table:3] in 1936. Table:3 would explain its progress from 1936-37 to 1941-42.

**Table 3. Weavers, Cloth Yardage and Wages**

Year	No. of weavers (Yardage made)	Cloth made [Wages given]
1936-37	538 (2,48,214)	1,20,540 [22,990]
1937-38	947 (6,36,898)	2,18,160 [57,131]
1938-39	819 (5,41,643)	1,93,418 [50,036]
1939-40	904 (8,27,991)	2,25,738 [50,490]
1940-41	876 (9,23,867)	3,06,370 [78,002]
1941-42	277 (1,175)	3,511 [3,806]

Reports of DOI, Punjab, 1936-42

### 3.6. Woolen Handloom Industry

(i). Both the machine made woollens as well as handloom weaving of wool was prevalent. Ludhiana, Amritsar, Simla, Kangra Gujrat, Sirsa, Hissar, Rohtak, Hoshiarpur, Dera Ghazi Khan, Bhera (Shahpur district), Panipat, Noorpur and Kulu were known for producing quite a number of woolen items like *garbi loi*, *Shawls*, *namdas*, rugs, surges and pil carpets. Amritsar and Multan were famous for exporting the quality pil carpets along with some other woolen items embroidered with silk, gold and silver lace and Punjab enjoyed a great reputation in India and abroad as some Merino rams have been imported for this purpose.

(ii). In addition, there were 132 hosiery factories producing woolen hosiery items which would engage 5568 skilled workers at Amritsar, Ludhiana, Lahore and Saikot [25]; Ludhiana alone having 100 factories in 1934 with and goods woolens manufacture had value 40 Lakh in 1934 and 60 lakhs in 1938[26].

(iii). W.W-II created a large demand for woolen materials especially the blankets, tweeds and rugs due to the cessation of imports from Italy and other countries which helped the weavers.

(iv). In 1941, the manufacturers of blankets and tweeds received a liberal grant from marketing organization under DOI for improved implements and appliances and could secured orders worth Rs.50000 alone[27].

(v). After W.W -II, the demand ceased but the weavers started producing *Kamlis* and *Pattus* at local levels.

#### 3.6.1. Decline in Woolen Handloom Industry

(i). It faced a serious competition from the machine-made woollens both indigenous and foreign. The Indian

Tariff Board (woolen and textile industry) pointed out that [28]:

“The profits of the industry are ever on the decline and the hand weaver finds it increasingly difficult to compete with cheap shoddy articles of Europe which beguile the simple customer by their excellent feel and finish”.

*Pashmina* shawls which, once, occupied a proud position among manufactures of Amritsar were ousted both by the power looms and shawls imported from France and Germany. The industry began to decline after 1931 as while it had 10, 15, 603 people in 1921, their number declined to 2,68, 254 in 1934-35 and the industry became almost extinct by 1947[29].

(ii). The profits of the weavers which had, already, been lowered due to the competition with imported goods were further lowered by the inferior quality of local wool which involved 5 to 35% waste during cleansing, willowing scouring and ranging .

(iii). Demand generated during W.W-II due to the restriction on the import vanished after the war ended in 1945.

### 3.7. Tanning and Leather Industry

It was the second most important industry as both the tanning materials like *Kikar* bark, and myrobalan (*Amla*) along with good quality of hides and skins were available in abundance. But there was no tanning industry in Punjab and the state would export hides and skins in the raw state. 2, 02,737 people of the province followed the tanning and leather trade while 13,718 followed it as a subsidiary occupation and 14% of the total raw hides and skins were exported in 1938-39 [30].

#### 3.7.1. Decline in Tanning and Leather Industry

The industry was described as a low occupation and was in the hands of illiterate that followed the crude and wasteful methods and the leather was not properly dressed while the technique followed in other provinces of the country and abroad was for more advanced and would prepare fine leather. So the educated youth would prefer to wear the imported shoes or which were prepared in other provinces [31].

#### 3.7.2. Reviving Tanning and Leather Industry

Of course, the first tannery was established at Rawalpindi and their number swelled to 53 in 1929 and 155 in 1939; but all needed modernization. The Punjab

Government made provisions for setting up modern tanning and finishing plants with latest equipment at Multan, Sialkot, Hissar, Rawalpindi and Amritsar [32].

### 3.8. Silk (Sericulture) Industry

Although the sub mountainous part of the Punjab was ideal for the health and growth of silk worm, yet the sericulture was virtually non-existent till the Agriculture and Industry department distributed the silk seed and supplied mulberry seedlings and plants for reeling of cocoons especially among urban peoples which later on created awakening in the rural peoples. Subsequently, many adopted it as a subsidiary occupation. But its production was minimal, i.e. only 50 maunds [33]. Later on the Punjab Government set up one sericulture centre near Kulu and two nurseries for mulberry; one at Rawalpindi and the other in Hoshiarpur district.

#### 3.8.1. Decline in Silk (Sericulture) Industry

Silk being a luxury item, the change of fashion, the flare for European tag, the cheap rayon product from Japan, meager resources and inadequate methods of an average weaver together had an adverse effect. Even the change over to artificial silk did not help because enhancement of duty on yarn raised the cost of production though the Government also imposed protective duties on raw silk, silk yarn, piece- goods and mixtures and fabrics of artificial silk and mixtures on the recommendations of Indian Tariff Board (1933).The representations by the weavers for the reduction of duties went in vain [34] and, thus, they were left with choice but to abandoned their occupation.

### 3.9. Wood Industry and its Subsidiary Industries

There was no lack of raw material for wood manufacturers as hilly regions had prolific forests while the central plains were overgrown with brushwood. This made Punjab most suitable for manufacturing a variety of wooden articles like household furniture (Gujrat district)[; lacquered legs for bedsteads (Rawalpindi district),country carts (Ferozepur and Faridkot) [35];carpentry(Kangra and Shahpur districts), bullock carts (Rohtak district) and boxes, toys, spinning wheels made up of lacquered woodwork in Pakpallen. The Punjab Government set up Government Central Saw Mill and Wood Works at Dhilwan near Bias which would supply the raw materials to the workers engaged in other allied cottage industries with a few mentioned below:

### 3.9.1. Sport Goods Industry

Sialkot was an important centre of producing all kinds sport goods which were exported to all parts of the country as well as to overseas of value aggregating to several lakhs even in 1932 despite the raw materials, especially the rubber, had to be imported from outside.

### 3.9.2. Furniture Industry

Kartarpur and Gujrat made quality furniture [36].

### 3.9.3. Wood and Ivory Carving

The best wood carvers were found at Amritsar, Bhera, Chiniot, Batala while the fine art work was done at Lahore (Mayo School of Arts) Hoshiarpur and Leiah (Muzaaffargarh) were best in wood and ivory, bone and brass inlaid on *shisham* while in Chiniot brass alone was used. Till 1936, ivory and brass inlaying business of Hoshiarpur was normal but received a setback in 1939 because of the onset of W.W-II [37].

### 3.10. Metal Industry

It would include three types of industries as follows:

(i) The village *lohars* made iron ploughs, scythes, rakes, axes, pans and other house hold-pots while in the towns, they made knives, razors, scissors, buckets and nails. Iron safes and trunks of Gujrat, Sialkot [38] and Gujranwala (employed over 450 people); locks of Ropar and Jullundur; and damascene work on steel of Loharan (Sialkot district); agricultural implements of Karnal were very famous. (ii) Jagadhary, Panipat, Rewari, Ferukhnagar and Bhiwani excelled in brass-metal ware. Lahore was famous for manufacturing weapons but very soon the industry became extinct. But the cheap machine –made aluminium utensils from Gujranwala reduced the demand of metal wares. (iii) Amritsar was known for the gold and silver ornamental work which was carried out by 56,463 workers in 1931 while there were 54,845 workers in 1921.[39].

### 3.11. Pottery Industry

A potter being an indispensable part of rural life, ceramic industry was most important. The articles of common domestic use or those required for agricultural purposes (drinking and cooking vessels) used, generally, by the poor were prepared. There were 1, 08,441 male and 5,881 female potters in Punjab according to 1911 census [40].

### 3.11.1. Glazed Pottery

With the advancement of civilization, the potters switched over to the glazed pottery but being a low paid business, this industry remained confined to a few hereditary workers of Multan, Amritsar and Jang-Maghiana of Gujarat who produced decorative flower vessels, bowls and dishes. By 1936, the industry continued to decline owing to competition from cheap finer looking porcelain enameled ware imported from Japan and China. So the pottery workers of Multan registered a decline both in the output and in number [41].

### 3.12. Cutlery Industry

This industry centered in Wazirabad and Nizamabad was mainly dependent on orders from military and other government departments, but the great Economic Depression harmed it. In addition, the entry of cutlery from Germany dealt it a severe blow [42]. During 1940, the demand increased, especially at Wazirabad; the workers would work in a double shift though the prices of raw materials increased by 15-20% [43].

### 3.13. Fibrous Manufacture

Punjab had abundance of fiber yielding plants with Hoshiarpur having the best staple was sold into Amritsar market which could be made into ropes, twine, sack cloths and shoes. Date leaves in many places especially at Delhi, Amritsar, Sialkot were made into fans, baskets, well-ropes, twine and mats; jute industry being a minor industry. Basket making, a well scattered industry, would provide subsistence to very poor class [44].

### 3.14. Gur (Sugar-cane juice) Making

The making of *gur* from sugar-cane was carried out by the cultivator himself which would serve as earning some money. But the method of the production of *gur* was wasteful and about one fifth of the cane juice (sucrose) was lost which causes approximately a loss of Rs.10.5 crores [45].

### 3.15. Phulkari (Embroidery) Industry

The phulkari or embroidery, though made in all parts of Punjab, but embroiders of Amritsar, Lahore, Batala, Multan, Hissar and Jullundhar would excel in this field [46].

### 3.16. Bangles (Glass) Making

Ingenious cottage industry of the province would make bangles and to some extent glass-ware like hollow-ware like globes for lanterns, tumblers, stoppers, jars and cylinders. But the Silk bangles imported from Japan dealt it a death blow [47].

## 4.0. Organized or Large-scale Industries

Large-scale industries benefitted considerably from the Industrial Policy of Unionist Party especially after the Post War Development Plan. Data regarding the important Large-scale industries during the Autonomy Period would be detailed as follows

### 4.1. Cotton Textile Industry

Punjab, being, one of the biggest cotton (both short and large staple) producing province of India, there was a great scope of the expansion of the both the Cotton spinning and weaving industry as well as Cotton Ginning Industry. The Post-War Development Plan suggested that a special Spinning Plant should be set up in the Punjab. Both yarn and piece goods were produced in the mills, many of which competed with Lancashire imports and fulfilled military requirements of the W.W-I as the Government extended them the patronage. But the industry faced a crisis competition from Japan [48]. In addition, locally grown cotton had a short staple and could not be spun to very fine counts [49]. Moreover, the great cotton market was quite far off from Punjab. So the Government had to give protection to the Cotton industry.

#### 4.1.1. Protection and its Effects

Though the Government removed the cotton excise duty (December, 1925), but the depression caused by Non-cooperation Movement (1925) would persist. Thereafter, the Tariff Board (1927) recommended: (i) the import duty from 11% to 15%, bounty on spinning of higher counts of yarn and exemption from import duty of cotton textile machinery and mill stores [50]. The Government of India, accepted only the last proposal.(ii) It, being, of little help to cotton industries, the Government sanctioned a levy of protective duty on cotton yarn to 5% *ad valorem* or 1.5 *anna* per pound(which ever higher) till March,1930. Yet there was a stiff foreign competition and the government, on the recommendation of G.S. Hardy(1930), raised the general

*ad valorem* duty to 15% in order to restrict imports from Japan[51].Still more was needed .(iii) In 1931,additional protection with an increase of 25% duty on British cotton-piece goods and 31.25% on non-British piece-goods was granted.(iv) The Tariff Board(1932) further increased the duties on non-British goods such as 6.75 *anna* per pound on plain grey goods and 75% *ad valorem* on piece-goods. After retaliation from Japan, it was lowered to 5.25*anna* per pound and 50% *ad valorem* (Indo- Japanese treaty, 1934; extended to 31<sup>st</sup> March, 1939). Side by side, Lancashire piece-goods was fixed at 20% *ad valorem* on plain grey goods and 20% *ad valorem* or 3.5 *anna* per pound whichever was higher [52] (Lees- Mody Pact). (v) Again, the Indo- British Trade agreement called Indian Tariff (III amendment) was signed on 20<sup>th</sup> March, 1939 to reduce the duties on British printed goods to 17.5% *ad valorem* and 15% *ad valorem* on other piece- goods. It was bitterly criticized as it, unduly, favored Lancashire by curtailing the already given meager protection.

#### 4.1.2. Cotton Spinning and Weaving Mills

The protection helped the Punjab Cotton Textile industry to increase its production and, thus, its share in the national market increased as detailed by the following Table: 4 between1928-29 to1939-40[53, 54\*]:

**Table 4.Punjab Cotton Textiles: A Glance**

Item	Quantity in year	
	1928-29	1939-40
Cotton and Spinning Mills	3	13
Spindles	3700	86,648
Looms	561	2252
Daily workers	1,471	2,252
Yarn produced	30.1 lakh pounds	157.2 lakh pounds
*Yarn and Cotton cloth	---	179.2 lakh pounds
Piece-goods woven	50.6 lakh yards	275 lakh yards

#### 4.1.3. Amritsar Textile Industry

(i) Amritsar was prominent for textile industry which was spread over a number of small establishments having 15408 handlooms and 1560 power looms; some having both. Only one Spinning, Weaving and Finishing industry was installed before1914.Various process



carried out in 52 of the concerns were listed in Table: 5 [55].

**Table5.Amritsar Cotton Industry: Operations**

Work done	1919-28	1929-38	1939-42	1943-47
Spinning weaving, finishing	1	1	---	---
Weaving finishing	--	3	1	1
Weaving only	7	13	6	5
Printing, dyeing finishing	1	2	3	2
Spinning only	---	---	---	2
Embroider	--	1	1	--
Surgical dressing	--	--	1	--
Total	9	20	12	10

(ii)Factories were classified according to the number of handlooms as given in Table: 6 [56].

**Table6.Power looms in Amritsar**

No. of Looms	Factories Surveyed	Total Factories
1-5	2	6
6-10	3	8
11-15	6	9
16-20	7	8
21-25	6	7
26-40	6	6
41-60	3	3
61-100	3	4
101-200	1	1
201-300	1	1
Total	38	53

(iii)Excepting the 6 of the surveyed factories, all others specialized in artificial silk weaving.

(iv)Table: 7 showed a break up of the capital employed (Rs. Lakhs) in Textile Industry in 4 districts before partition [57] in the four districts of the Punjab.

**Table7. Capital Employed: Textile Industry**

District	Investment: Machinery and plant	Capital: Fixed (Circulating)	Capital: Total
Amritsar	54.76	99.15 (144.00)	243.15
Gurdaspur	5.15	19.85 (25.00)	44.85
Ferozepur	0.08	0.19 (0.58)	0.77
Ludhiana	1.33	1.49 (2.64)	4.13
Total	61.32	120.68 (172.12)	292.90

As shown in the previous Table: 7 about 83% of the total capital was invested in Amritsar textiles. The following Table: 8 represented the details of the investment (Rs.Lakhs) in Amritsar [58]:

**Table8. Capital Employed: Amritsar Textiles**

Work done	Investment Machinery & plant	Capital Fixed (Circulating)	Capital Total
Spinning, weaving, finishing	16.00	26.39 (49.63)	76.02
Weaving finishing	9.21	15.98 (17.84)	33.82
Weaving only	11.75	23.06 (52.17)	75.23
Spinning only	1.37	1.77 (1.68)	3.45
Printing, dyeing and finishing	6.16	9.23 (5.37)	14.60
Embroidery	7.27	9.72 (12.31)	22.03
Surgical dressing	3.00	13.00 (5.00)	18.00
Total	54.76	99.15 (144.00)	243.15

#### 4.1.4. Reasons for Slow Progress

The Table indicated only a slow progress. So the protection was granted mainly to help the industry to meet successfully the Japanese competition but no measure were adopted to compete with Lancashire. Even

in case of Japan, in spite of high tariff wall, the industry was struggling hard to maintain production and expand the markets for its products since in Japan the industry was better organized and had efficient labor. Though being one of the biggest cotton producing province, Punjab consumed only 12.5% of the total produced cotton (1938-39) while the remaining got exported and Punjab would get imported yarn and piece-goods and was in dire need of installing quite a more number of spinning and weaving mills.

#### 4.2. Cotton Ginning and Oil mills and Soap

It was discussed under two headings:

##### 4.2.1. Cotton Ginning Industry

(i) The biggest ginning factory was located in Giddarbaha (Ferozepur district) having 36 double-roller gins and a press. There were quite a few at mofussil towns but a few big ones would need mentioned here such as 6 at Tarntarn and 2 in Patti. One factory of Tarntarn had 24 single roller gins, 2 oil expellers and one cotton press while one factory at Patti had 22 gins and 3 expellers while the other consisted of 19 gins and 2 expellers [59].

(ii) There were 369 cotton ginning units in 1936-37 which decreased to 311 in 1939-40 which were higher by 76 than those were established in 1900 and number of workers increased from 428(1900) to 21,115 (1939-40)[60].

##### 4.2.2. Oil and Soap mills

The biggest oil concern was located at Amritsar and had 6 oil expellers. In all, 120 single roller gins, 36 double roller gins, two presses, 33 oil expellers and 21 pairs of *kohlus* were installed in 15 factories; one factory being exclusively for soap manufacturing. Approximately (have of-season for different times) 15000 maunds of oils and double the quantity of oil-cakes per month were produced before partition. Table:9, given below, showed a break up of the capital employed (Rs.Lakhs) both in Ginning and Oil factories before partition [61]:

Table9.Capital Employed: Ginning and Oils

District	Investment Machinery and plant	Capital: Fixed (Circulating)	Capital Total
Amritsar	6.49	12.76 (10.88)	23.64

Ferozepur	1.72	2.62 (4.40)	7.62
Jullundur	0.25	0.27 (0.50)	0.77
Total	8.46	15.65 (15.78)	31.43

#### 4.3. Woolen Textile Industry

The woolen industry of Punjab was funded more on imported than on the indigenous raw wool obtained in abundance from Kashmir and Punjab sheep because of its poor quality( short staple and a little felting). Only Dhariwal (Gurdaspur district) Mills, with an annual output of manufactured goods of about 11000 maunds [62], undertook spinning as well as weaving. 20(1934) other mills undertook woolen weaving from August to February and silk and cotton weaving for remaining period. Around 1947, Amritsar also joined Dhariwal producing blankets, surges, broad cloth, great coats, *lois*, flannels, tweeds and knitted goods weighing 5,72,061 pounds of value Rs.7,30,118[63]. The number of woolen mills increased to 25 with an authorized capital of 1, 07, 80,000 with a paid-up capital of 8, 80, 80,000 with looms numbering 699 with 1750 spindles [64]. No doubt, the cottage industries could meet the considerable remaining demand of the province, but the province had to import large quantities of woolen goods; both Indian and foreign. Woolen goods of worth Rs.154.47 lakhs and the yarn worth over Rs. one crore [65] were imported.

##### 4.3.1. Reasons for Slow Progress

Other than the inherent poor quality of the indigenous raw wool in comparison to the imported wool, the industry faced a stiff competition from Italy and Japan coupled by the Economic Depression of 1930's; no matter gained a stimulus during W.W-I. Its request for Protection was considered sympathetically by the Tariff Board (1934), but the Government of India did not accept its proposals. The situation improved temporarily during the Economic Depression as the supply of yarn was cut off from Japan in 1940-41 but Government was able to procure it from the Britain and Australia after 1939.

#### 4.4. Hosiery Industry

Hosiery factories were mostly located in Ludhiana and in Amritsar. The one at Jullundur was established in 1898 and the other one was installed in Ludhiana was in 1905. They were producing blankets, *Chaddars*, shawls, *lohis*, woolen saris, tweeds, flannels suiting, shirting, sweaters,

jerseys, socks, *mufflers*, scarves, cardigans and ladies' coats. They were 3 industries in 1928, 16 in 1934; reached 42 in 1936-37 and 62 in 1939-40[66] while they swelled to over 100 only in Ludhiana in 1941-42. Though this industry showed a satisfactory progress except in between 1945-47 because of the problem with acquiring the machinery and unavailability of yarn with some fall in the number of workers, but got a boost late after W.W-II. Table: 10 showed a break up of the capital employed (Rs.Lakhs) in Hosiery Industry before partition in four boarder districts [67]:

**Table10. Capital Employed: Hosiery Industry**

District	Investment Machinery and plant	Capital Fixed (Circulating)	Capital Total
Amritsar	2.21	6.04 (4.35)	10.39
Ludhiana	7.05	15.88 (24.17)	40.05
Jullundur	0.20	0.37 (1.00)	1.37
Total	9.46	22.29 (29.52)	51.81

#### 4.5. Sugar Industry

Punjab had 15% of the total area under sugar-cane. The first modern industry crushing 140 tons of sugar-cane daily with about 300-400 laborers [68] was set up at Sujjanpur followed by Amritsar Sugar Mills Company. By 1931, the number of sugar mills increased to 7 from 2 with the setting up of the Punjab Sugar Mills Corporation (1930) and had an authorized capital of 10 lakhs [69].

##### 4.5.1. Protection, Excise Duty and their Effects

Due to the competition from United Provinces, Java, Mauritius and Germany and restriction on import of sugar by many countries, the prices fell and the Government of India granted Protection to sugar industry in September 1931 on the request of Tariff Board. But its effect virtually got nullified by the continuous increase of excise duty from year to year. So much so, in 1939, the amount of protection reduced to 7-4-0 with a duty of 1.5-0. The number of sugar industries decreased to 4 (1939-40) from 9(1936-37) [70] as they were running in losses. However, the outbreak of W.W-II benefitted and this industry provided employment to 25 lakh persons. The number of sugar mills increased to 32 with an increase of sugar-cane area from 4.25 lakh acres (1931) to 5.58 lakh acres (1933). While in 1930-31, only 20% of the total area

under sugar-cane was covered by improved varieties, in 1939-40, it increased to 82%. By 1937-38, the sugar industry ranked third among all the industries in total capital and fourth in fixed capital. Now the government started following the restrictive policy and the sugar production declined from 12.5 lakh tons (1939-40) to 7.5 lakh tons (1941-42). A rationing system was introduced in many towns to impose the control on its prices. But the Protection to the industry continued during W.W-II under Protective Duty Continuation Act and was also extended for another two years in 1947.

##### 4.5.2. Distilleries

They faced decline during the Provincial Autonomy period as the number of private licensed distilleries reduced to 4(1939) from 5(1901) [71] with total output of 5, 65, 120 gallons. The overall decline in the industry was due to the cumulative effect of high prices, economic depression and anti- liquor agitation launched by the nationalists.

#### 4.6. Match Industry

The Mahalakshmi Match Factory was first of all started at Shahdara (near Lahore) in 1925 which progressed well with the production of 2, 80,883 gross of match-boxes in the first two years at a cheaper rate of three paise per box relative to six paise from a box manufactured in Sweden; both contained 60 match sticks per box [72].

##### 4.6.1. Protection, Excise Duty and their Effects

During the time, Sweden itself and also in collaboration with other match factories in other parts of India occupied 70% of the word market. The Import duty added to its misery and the industry applied for Protection as pleaded by the Mahalakshmi Match Factory before the Indian Tariff Board (1928):

“Competition is keenest from Swedish made matches and those made by the Swedish combine in India marked Wimco as also from Japan made matches” [73].

The Board recommended for transferring the current revenue import duty of Rs.1-8-0 into Protection duty by which a duty of Rs.1-8-0 was levied on a gross of boxes each containing 100 matches and thus gave some relief to the industry and the number of factories increased from one( 1928) to 4( 1936-37)[74].

But there came a shock from the Government when it levied an Excise Duty of Rs. one per gross of boxes. The factories suffered loss and their number decreased to two (1939-40) from four (1936-37); no matter the Protection to the industry continued. But the availability of cheap but equally efficient labor, reduction of capital costs and advantage in freights and transport gave this industry in Punjab gave a distinctive edge and could survive the foreign assault to some extent[46]. But ultimately the large resources of Swedish company coupled with their trust in the quality of the product overweighed.

#### 4.7. Cement Industry

The first cement factory established at **Wah** (near Hassan Abdal) in 1920 which started working in May, 1922, produced 6959 tons of cement in 1923; 41,145 tons in 1926 and 54,459 tons in 1931-36 [75] with the corresponding increase in workers: 42,4289(1921), 37316(1931) and 63,962(1936-37). The number of factories also increased from three in 1933 to six in 1939[76]. No doubt, the public demand decreased during W.W-II due to the rising cost of house building, but it was well compensated by the construction of Government buildings which amounted to 90% of the total consumption in the country. A few new establishments came and old factories started working in full capacity. Large demand, restricted transport and almost complete absence of foreign import pushed up the prices of the cement with the price index increasing from 100(1945) to 145 (1943)

#### 4.8. Glass Industry

Indian Glassworks at Panipat was one of two original glass making factories of Punjab [77]. The industry got the first impetus during W.W-I because the imports from the European countries were cut off, however, domestic production could meet only a small part of the total requirement because Japan industry was far well-organized. The industry applied for the Protection and the Tariff Board recommended it the Protection (1932) for a period of 10 years but the Government, in return, agreed to refund the entire duty on soda ash (a major raw material) from and Britain of the excess of 10% from other countries. Again, the W.W-II provided this industry another opportunity with an increase in the number of glass factories from 3(1939-40), 5(1941-42) and 6(1947) with an employment to 204 persons by producing 6000 tons of glass-war in 1945[78].

#### 4.9. Wood and Pulp Industry

It would, in fact, include three inter-dependent industries: Paper Making, Printing and Sport Goods industry and were taken up separately:

##### 4.9.1. Paper Making Industry

The Government had given Protection to this industry since 1925 with one *anna* per pound on all writing and printing paper up till 1932 and subsequently revised this Protection further for 7 years (1939) and also subjected it to a duty of Rs.45 per ton under the name Bamboo paper Industry (Protection). Protection was again extended for three more years, but the import duty was lowered. Though, the province possessed an abundance of raw materials in form of variety of grass and plantation whose pulp could be used for paper making, yet the first mill "Shri Gopal Paper Mill Ltd" with an authorized capital of Rs.50 lakhs of some credibility started working in 1937 by using *bhabhar* grass and produced 2,446 tons of different types of paper (April to December, 1937) with an expenditure of Rs.11,62,281 and a subsequent increase of producing 6,831 tons of paper in 1939 of value Rs.31 lakhs. The on-set of W.W-II benefitted this industry as the imports from Germany and Scandinavian countries were cut off (from Rs.4.1 crores in 1939-40 to Rs.2.2 crores in 1942-43) and shipping facilities declined and production increased to 1.06 lakh tons in 1946-47[79].

##### 4.9.2. Paper Printing Industry

With the increasing production of the paper, the number of paper printing factories increased from 37 in 1937 to 47 in 1939-40[80].

##### 4.9.3. Wood Industry

It had already been discussed in 3.9 (Wood Industry and its other Subsidiary Industries) under Cottage Industries. Connected with the Wood Industry was the manufacturing of "Sport goods" in Punjab. In 1920 there was only one concern "Messers Oberoi and Sons" but the number increased to five in 1936-37[81].

#### 4.10. Wheat and Rice mills

Wheat (*kanak*), the principal crop of the Punjab was the main staple food of most of the Punjabis. Some rice was also consumed as a food in almost all the districts of the province. So there was the necessity of wheat flour and rice mills. The Small-scale flour mills (*chhakis*) were common in most of the villages, towns and cities which would cater the needs of the local people. The oldest flouring mill which would work on commercial basis

was installed in 1923. There were 9 big mills; one each at Amritsar, Ferozepur, Jullundur, Shekupura, Sialkot and two each at Ludhiana and Lahore. In addition, there were a number of smaller establishments spread over all the districts which would do paddy husking during the paddy season. Following data [Table:11] was available regarding the capital investment (Rs. Lakhs) made in various flour and rice mills in the 5 Punjab districts at the time of partition [82].

**Table 11. Capital Employed: Flour and Rice Mills**

District	Investment Machinery and plant	Capital Fixed (Circulating)	Capital Total
Amritsar	1.25	7.52 (7.50)	15.02
Gurudaspur	0.30	0.85 (1.00)	1.85
Ferozepur	6.39	9.52 (7.00)	16.52
Jullundur	0.78	1.64 (2.60)	4.24
Ludhiana	3.63	8.38 (8.00)	16.38
Total	12.33	27.91 (26.10)	54.01

#### 4.11. Mechanical Engineering

It would include two industries:

##### 4.11.1. Iron and Steel Industry

(a) This industry was most important among the industries based on mineral resources. Batala was famous for agricultural implements; Ludhiana specialized in hosiery machines: "Kalsi Mechanical Works" at Nandpur being the first to manufacture complete socks machine in India; Jullundur district workers were experts in making general machinery: chaff cutters (Goraya, Phillaur), trunks, suitcases, nut-bolts, Persian wheels, iron presses, oil expeller spare-parts, chains, hinges, weighing machines, pulleys, fruit-juice machines, cigarette cases, water fitting and other miscellaneous items; Amritsar was known for making swords (*kirpans*), screws, *kohlus*, building accessories, chains, hinges and bolts, knitting needles and forks; Gurudaspur was the home of making lathes.

(b) In addition, they also manufactured steel rolling mills and electrical goods.

##### 4.11.2. Foundry Industry

(a) This industry located at Batala, Ferozepur, Bhiwani, Farrukhnagar, Lahore, Sialkot, Lyllpur, Amritsar, Nahan and Shimla manufactured sugar cane crushers, belt pulleys, ploughs, rice husking machines, water pumps, oil engines, oil expellers, band saws, printing presses, paper-cutting machines, sewing machines, machine tools, ceiling fans hydraulic press, lawn mowers.

(b) Lahore, Sialkot and Lyallpur foundries also made surgical instruments.

The mechanical industry was also one of the biggest industries. Following data [Table:12] was available regarding the capital investment (Rs. Lakhs) made in mechanical engineering in the 4 Punjab districts at the time of partition [83]

**Table 12. Capital in Mechanical Engineering**

District	Investment Machinery and plant	Capital Fixed (Circulating)	Capital Total
Amritsar	3.16	5.46 (7.64)	13.10
Gurdaspur	3.81	5.96 (5.35)	11.31
Jullundur	13.48	38.10 (22.31)	60.41
Ludhiana	3.62	5.94 (3.90)	9.84
Total	24.07	55.46 (39.20)	94.66

#### 4.12. Starch Industry

The factories which manufactured starch and starch products like glucose and dextrin from rice, wheat, barley, *jawar*, *bazara*, *gram*, *moth* and *maida* were installed at Jagadhary and Batala along with a number of wood sawing and flour mills [84]. However, the local starch could not compete with the foreign starch [85].

#### 4.13. Tea Industry

It was, by and large, controlled by committees holding 4 factories in 1928, 10 in 1939. After W.W-II, the Government took control and appointed a tea controller with name Tea- cess committee. Total production of tea

was insignificant, i.e. only 2 million in comparison the total tea produced in whole of India.

#### 4.14. Dying, Bleaching and Chemical works

- (i) The dying industry included cotton, wool and silk.
- (ii) There was only one dying and bleaching factory.
- (iii) The number of chemical factories increased from one (1928) to five (1939-40); the one at Amritsar was the best. They were sufficient to meet the demands of the whole of the province.

#### 4.15. Paint Factories

They were two in number in 1939 which rose to four in 1945-47. Their equipment was outdated and needed replacement especially after W.W-II [86].

#### 4.16. Artificial Silk Industry

In 1936-37, there were four artificial silk factories [87]. All these factories would use yarn as a raw material which was imported from Japan and Italy.

#### 4.17. Petroleum Industry

Though the first oil spring was found in Rawalpindi district and, thereby, first refinery was opened in Maragah (near Rawalpindi) where the oil was refined into petrol, diesel, kerosene, lubricants, fuel wax and candles but the record output was obtained from 10 springs in Attock district in 1913-14 [88]. The petroleum production (gallons) was: 1,92,904 (1922), 4,48,222 (1929) and 7 lakh (1939) by the time Punjab had two refineries [89].

### 5.0. Industrial and Economic Position:

We, would, first discuss the Large-scale industries.

#### 5.1. Large-scale Industries

As indicated in the below given Table: 13, the number of registered factories and the industrial workers increased steadily from 1934-35 to 1941-42.

(I). The following conclusions could be drawn from Table: 14 [90]:

(a) Number of cotton textile mills, which depend on agricultural output showed a major increase in number.

(b) The work-force was: 48% (Cotton and Textiles), 15% (Railway workshop), 6% (each in Mineral Resources, Paper and Paper printing and Engineering),

5% (Tanning), 3 % (Wood, Stone, Glass), 2% (Chemicals and Dying) and 9% (Miscellaneous industries).

(c) Chemical and Dying, Wood and Glass industries hardly showed any increase while there was only a marginal increase in Mineral Resources, Paper, Engineering and Tanning.

(d) So only the Cotton Textiles which was related with agricultural output were worth mentioning.

(II). Relative to other Indian provinces, the % of industrial labor employed in 1939 in Large-scale industries with respect to the total labor was minimum in the Punjab (Table: 15) [91].

(III). The same trend continued up till 1947-48 where the Punjab lagged behind all the major provinces in respect of the number of factories, the work-force the capital employed and the capital earned (Table: 16) [92].

(IV). Another point which corroborated with our observation of Punjab remaining a dragger in its industrial growth was quantitatively proved in Table: 17 [93] where all but two (Flour & Rice Mills) of 18 industries selected showed a negative % growth of Output Value (Rs. Lakhs) in a sample analysis of the Amritsar district of Punjab.

(V). The meager number of industries working in the Punjab even as late as on August, 1947 (at the time of partition) would show the virtual neglect of industry by the foreign rulers (Table: 18) [94].

**Table 13. No. of Factories and Workers\***

Year	Factories		No. of Male Workers
	Registered	Operating	
1934-35	750	558	50,191
1935-36	754	669	58,191
1936-37	802	747	63,962
1937-38	862	798	63,473
1938-39	887	780	72,628
1939-40	917	806	78,302
1940-41	927	836	81,197
1941-42	1191	920	1,32,480

\* Figures culled DOI Reports, Punjab (1935-43)

**Table 14. Names, No. of Factories and Workers**

Industry	No. of Factories	No. of Workers
Textiles (Cotton, Ginning & Pressing)	424	37,653
Minerals	71	3,465
Transport (Railway Workshops)	08	11,452

Food, Drink, Tobacco	107	4,970
Chemical and Dying	32	1,154
Paper and Printing	53	4,550
Wood, Stone and Glass	20	2,215
Engineering	68	4,995
Tanning	02	115
Miscellaneous(Foundries, Workshops)	15	7,393

**Table15. % of Industrial Labor to Total Labor**

Province	% (Industrial to Total Labor)
Bengal	32.7
Bombay	26.6
Madras	11.3
U.P.	9.1
Bihar	5.5
Punjab	4.5
C.P.	3.7

**Table16. Capital and Product Values (1947-48)**

Province (Factories)	Capital Employed	Persons Employed	Value of Products
Bengal (1408)	58,16,23,924	5,35,4 23	272,55,48,647
Madras (1465)	18,21,54,032	1,75,025	100,33,70,697
Bombay (1237)	55,21,91,475	15,74,556	340,71,40,576
U.P. (623)	19,44,95,482	1,71,620	108,83,86,908
Bihar (393)	27,48,32,371	1, 17,636	63,26,04,576
Punjab (338)	4,13,89,905	29,834	15,48,69,788
M.P. (276)	6,19,72,848	20,892	12,88,26,807
Delhi (144)	2,83,13,332	20,892	12,88,26,807

**Table17. Variation in Gross Value of Output**

Industry	Gross Value of Output		(+) or (-)	
	1946-47	1947-48	Value	%
Flour & Rice Mills	207.87	295.3	+87.5	+42.1
Fruit Products	4.32	1.5	-2.78	-64.3

Breakfast Foods	3.00	0.9	-2.10	-70.0
Cotton, Ginning& Oils	132.21	117.4	-14.9	-11.2
Hosiery	74.53	59.5	-15.3	-20.5
Textiles	449.94	320.0	-130	-28.9
Metal Works	51.70	16.7	-35	-67.6
Mechanical Engineering	109.17	87.8	-21.4	-19.6
Steel Re-rolling Mills	19.52	6.5	-13.0	-66.6
Electrical Engineering	34.17	15.3	-18.9	-55.3
Scientific Engineering	3.00	---	-3.0	-100.
Chemicals &Paints	27.51	25.2	-2.3	-8.4
Distillery	95.52	55.1	-40.4	-42.3
Printing Presses	15.90	9.0	-6.9	-43.4
Glass wares	10.32	--	-10.3	-100
Lime Grinding	3.84	3.0	-0.84	-21.8
Wood Works	1.50	0.15	-1.35	-90.0
Button Factory	1.80	1.85	+0.05	+2.8
Total	1245.8	1015	-231	-18.5

**Table18. Industries in Punjab: August, 1947**

Name of Industry	No. of Factories
Rice Milling	18
Fruits,Vegetables Processing	9
Sugar	1
Vegetable Oil	8
Cotton Textiles	10
Woolen Textiles	22
Chemicals	5
Aluminium & Copper	28
Iron & Steel	65
Bicycles( parts)	--
Sewing Machines	1
General Engineering	69
Cotton Ginning &Pressing	115
Hosiery	53
Others	86

## 5.2. Trends in Cottage Industries

There was hardly any significant investment in the cottage industries even as late as in the year 1945-46. The following Table: 19 [94] would give an idea of the expenditure done on the development of the important cottage industries during the post W.W-II year by the

Unionist Party's government (Rs. Lakhs); the Woolen Industry getting the lion's share.

**Table19. Expenditure: Cottage Industries-1945**

Industry	Expenditure
Cotton Textiles	105
Tanning	12.0
Sports	10.0
Cutlery & Surgical instruments	8.0
Silk & Silk Arts	4.0
Sericulture	3.0
Wood works	3.0
Pottery	0.5

### 5.3. Causes for Slow Industrial Progress

In addition to the willful neglect of the Britain in granting aid towards industrialization, the following local factors also acted as draggers for industries:

(i) Late start of industrialization (Since the Punjab was annexed last of all by the British)(ii) Protection to industries stated late( *Laissez faire* policy was in well entrenched) (iii)Geographically disadvantageous location (Nearest port –Karachi was 750 miles away from Lahore) ( iv) Shortage of capital and inadequate management experience, shortage of capital goods and lack of technical expertise (v) Competition with the developed foreign machine manufactures (vi) Entrepreneurship in the hands of a small sections of Indians (vii) Absence of indigenous market (viii) General poverty.

### 4.0. Conclusions

This study, very well, corroborates with opinion of a number of modern Economic Historians who have blamed the colonial rule for the limited investment in Indian industries with dismal state of India's economy [95, 96] and, thus, the Punjab was no exception. Under British rule, India, in general, experienced a decline in its native manufacturing industries [97, 98] like handicrafts and handloom sectors, with reduced demand and dipping employment. The yarn output of hand loom industry declined from 419 million pounds in 1850 down to 240 million pounds in 1906 [99] which caused a significant transfer of capital from India to England. This led to a massive drain of revenue rather than any systematic effort at modernization of the domestic economy [100].The Indian economy grew at the rate of (1.2%) during 1858-1947[101] but experienced

deindustrialization during this period [97]. During the British era, India had a lower per- capita income as compared to Mughal era and a large decline in the secondary sector- from 18.2%(16<sup>th</sup> century) to 11.2%( 20<sup>th</sup> century) [102]. India's share of the World Economy declined from 24.4%(1700) to 4.2% (1950)[103].Its share of global Industrial output went down significantly from 25%(1750) to 2%(1900) during British rule[99].The anguish of the Indian Economists was ,well , summarized by Dr Manmohan Singh, the illustrious former Indian Prime Minister as [104]:

‘There is no doubt that our grievances against the British Empire had a sound basis. As the painstaking statistical work of the Cambridge historian Angus Maddison has shown, India's share of world income collapsed from 22.6% in 1700, almost equal to Europe's share of 23.3% at that time, to as low as 3.8% in 1952.Indeed, at the beginning of the 20<sup>th</sup> century, "the brightest jewel in the British Crown" was the poorest country in the world in terms of per capita income’.

### 6.0. References and Notes

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