

## CHAPTER III

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### RESEARCH METHODOLOGY & DATA COLLECTION

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## CHAPTER III

### RESEARCH METHODOLOGY AND DATA COLLECTION

#### 3:1 SELECTION OF THE PROBLEM :

Textile industry is one of the largest centralised business unit of industrial production. This industry plays a very vital role in Indian economy. Out of the total capital invested in industrial production, textile industry takes a major chunk. About one million people find direct employment in this industry and millions more find their sources of livelihood indirectly from this industry.

The job consists of cotton growers from workers, workers working in paint industries and chemical industries, workers working in sizing and processing units, workers working in machine building and equipments required for textile industry also get jobs. In this way, this industry has wide scope for employment.

The textile industry is divided into two sectors, organised and unorganised. The organised sector consists of spinning mills and handloom sector. The powerloom sector is considered as

unorganised sector. Textile industry is scattered in various parts of India. Hence, proper control over the established units is essential. Considering this need, textile committee has been established under the Textile Committee Act, 1963 of the Indian Parliament. This committee is consciously aware of quality control performance.

Food, clothing and shelter are the basic needs of living textile industry fulfils the need of food and shelter by creating employment opportunities, textile industry is also responsible for the development of allied industries like machinery, chemicals and spare parts industries etc.

The establishment of spinning mills in co-operative sector is relatively of recent origin (in 1951, the first co-operative spinning mill was installed at Guntakal). Since then large number of co-operative spinning mills have been installed are registered in different parts of the country. At the end of 30th June, 1987, there were 102 co-operative spinning mills in India, out of which 8 were in Karnataka. In view of large number of handloom and powerlooms working in the State of Karnataka, there was a need, to set up more and more spinning mills in co-operative sector.

The spinning units in co-operative sector have contributed much to the development of rural area especially since the efforts had been to establish such units in backward area. The area co-operative spinning mill helps to create employment opportunities and encourage development and investment. One spinning mill of 25,000 spindle capacity not only gives direct employment to about 1000 people but also encourages ancillary industries, housing and other activities in the surrounding areas. This gives a real encouragement for the overall development of the area.

Spinning mills are functioning in a co-operative sector, private sector, and public sector, some of them are larger units, some of them are medium sized spinning units and the rest of them are small units.

The Impressive progress of some of such spinning mills in Karnataka made the researcher to study the Gadag Co-operative Textile Mill Ltd., Gadag. The said spinning mill was registered on 17th January 1981, in rural and backward area of Dharwad District to provide employment opportunities to the unemployed people and give good prices for the cotton of cotton growers.

3:2 SCOPE OF THE STUDY :

The present study of the an analysis of financial statement of the Gadag Co-operative Textile Mill Ltd., Hulkoti, Gadag Taluka, Karnatak State is confined to the analysis and the interpretation of financial statement, with the help at ratio analysis to judge the short term and long term financial strength of the said spinning mill. For this purpose a period from 1988 - 1992 is taken in to consideration.

3:3 OBJECTIVES OF STUDY :

The main objectives of the present study are as follows.

- (1) To study the working capital position of this mill during the five year period.
- (2) To asses liquidity position during the study period.
- (3) To know the long term solvency of this mill.
- (4) The examine the profitability position of the mill during the study period.

### 3:4 DATA COLLECTION :

For financial problem like the analysis and interpretation of financial statements there can be only one approach that is collection of the reliable data and analysing and interpreting it by applying correctly skillfully the standard formula.

In order to collect the reliable data annual report from the year 1987-88 to 1991-92 were secured from the finance department of the mill. Whenever necessary personal discussions with factory officials about certain matter also taken into account.

Huge and complicated calculations involved in financial analysis were made with the help of calculator. This has helped in achieving flawlessness to the maximum and visited statistical department of cotton growing in Dharwad District, calculate their some data's for Talukawise (Cotton Growing).

### 3:5 CHAPTER SCHEME :

The study of "An Analysis of financial statements of Gadag Co-operative Textile Mill. Ltd., Hulkoti, Gadag Taluka,

is divided into six chapters. The related literature in various chapters is as listed below.

CHAPTER I :-

The first chapter deals with the introductory focusses on the co-operatives spinning mills in India and Karnataka State. It highlights co-operatives spinning mills in Dharwar District and growth of cotton cultivation in Karnataka and Dharwad District.

CHAPTER II :-

The second deals profile of the organisation and it highlights project cost, membership, share capital, system of cotton purchases, benefit to member financial results, modernisation programme, manufacturing of yarn and marketing and profile of Gadag Taluka.

CHAPTER III :-

The third chapter deals with Research Methodology & data collection, scope of the study, objective of the study, and limitation of the study.

CHAPTER IV :-

The fourth chapter deals <sup>with</sup> therotical frame work of the study.  
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CHAPTER V :-

This chapter covers presentation of analysis and interpretation (working capital position, liquidity position, long term solvency, profitability position).

CHAPTER VI :-

Suggestions and conclusions.

APPENDIX :

BIBLIOGRAPHY :

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3:6 LIMITATIONS OF THE STUDY :

This study is undertaken as part of the partial fulfilment of the degree of master of philosophy in commerce and management and it has following limitations.

- 1) This study is limited only to one factory from amongst the co-operative textile mills.
- 2) The study is mainly concerned with analysis and interpretation of financial statements through ratio analysis only.
- 3) The period of the study is limited to five years from 1987-88 to 1991-92.
- 4) Terms which are measured in money value are taken in to consideration.