

CHAPTER II

PROFILE OF THE ORGANISATION

- 2:1 Profile of Gadag Taluka.
- 2:2 Infrastructure Facilities in Gadag Taluka.
- 2:3 About the Gadag Co-operative Textile Mill Ltd., Hulkoti.
- 2:4 Project Cost.
- 2:5 Membership on Share Capital.
- 2:6 Systems of Cotton Purchases.
- 2:7 Financial Results.
- 2:8 Modernisation Programme.
- 2:9 Manufacturing of Yarn and Marketing.

foundries and several mozaic tiles factories, marble polishing units in Gadag taluka. Further, leather footwear and ready-made dress manufactured by local, cottage units enjoys a wide market throughout the state. Late Shri K.H.Patil who served on state as the president K.P.C.C. and Minister for a number of portfolio is the most unforgettable name in the co-operative in this area.

[His son, Shri H.K.Patil, Minister of Textil (Karnataka Government)] is wortheir son of a worthy father. He is mainly responsible for starting 100 Industries at Gadag this is a class by itself out of 100 industries planned already 49 are functioning nerly well. The remaining 51 Industries are come up very fast and they may start productive with a very short period of time Shri H.K.Patil is known for novel and constructive plans in Gadag Taluka. These enterprises provide remmunerative employment and enjoy a ready market in the surrounding area. There is considerable scope for development of many large scale as well as small scale industries in the Gadag taluka.

As well as the first co-operative society in the country was set up in KANAGINHAL (Gadag Taluka) and the first co-operative urban bank was organised in Gadag - Betagari Town.

2:3 ABOUT THE GADAG CO-OPERATIVE TEXTILE MILLS LTD.

HISTORY :

The mainstay of Gadag area economy is cotton. It reflects the culture and tradition of the area prosperity on the cotton cultivation and cotton trade.

Gadag is called the CRADDLE OF CO-OPERATIVE MOVEMENT. The first primary Agricultural Co-operative Society in our country was registered in 1904 at Karnataka, Gadag Taluka. In the marketing of cotton commission agents with this local associates, were exploiting the farmers, by purchasing cotton at low prices. To prevent the exploitation of the cotton growers the first co-operative marketing society in India i.e. "The Gadag Co-operative Cotton Sale Society Ltd., Gadag" was established at Gadag in the year 1917. Although this helped the growers in getting fair prices at times, The traders refused to buy cotton leading to a stalemate. In this situation, the first grower's co-operative spinning mill was set up on 8th July 1972 due to the dynamic efforts of co-operative leader Late Shri K.H.Patil - Honorable Minister of Panchaythiraj and Lion of Co-operative.

and Hostels, providing boarding and lodging facilities to the students. The banking facilities here are also well developed with a network of branches of oprating in Gadag Taluka.

GENERAL INFORMATION ABOUT GADAG TALUKA

1)	Population	2,54,499
2)	Density per sq.km.	232
3)	Geographical area in hectors	1,09,751
4)	Net area of cultivation in hectors	97,966
5)	Forest land in hectors	1,749
6)	Rain fall in mm	637.7
7)	Post Offices	44
8)	Telegraphic offices	24
9)	Telephone offices	1002
10)	Industry :	
	Textile	34
	Handloom	2498
11)	Education :	
	Balwadis	18
	Lower Primary	63
	Higher Pprimary	85
	High School & Junior Colleges	8
	Technical & General Colleges	6

2:4 PROJECT COST :

The total project cost was Rs. 220.00 lacs for the spinning mill of 25,056 spindles. The Government of India after considering the project and feasibility of reports granted the letter of intent. The funds for the project were raised through the following sources.

	Rs. in Lacs
i) Equity Contribution from Members	Rs. 40.00
ii) Equity contribution from State Govt.	Rs. 80.00
iii) Term Loan from I.F.C.I.	Rs.100.00
	<hr/>
Total.. Rs.	220.00
	<hr/>

This is the first grower co-operative spinning mill to get equity assistance from National Co-operation Development Corporation, Delhi (N.C.D.C.)

2:5 MEMBERSHIP AN SHARE CAPITAL :

1) FUNDS :

- a) by issue of shares.
- b) by receiving deposits from members.
- c) by raising loans and debentures.
- d) by entrance fees.
- e) by accepting donations, subsidies and grants.

- f) Deductions shall be made from the sale proceeds of cotton brought by members at a rate not exceeding 5% of the sale proceeds and the deductions so made shall be carried to Non-refundable deposits in order to redeem the shares contributed by the District Co-operative Central Banks, Apex Bank and Government. These deposits shall not be refundable in cash but shall be converted into "A" class shares. Each such shareholder will be entitled to receive the shares of the value of amount at his credit. The Board of Directors shall frame rules in this behalf.
- g) The mill may raise loan, discount of bills and overdrafts as and when necessary from the Industrial Finance Corporation of India and from other institutions duly approved by the Registrar of Co-operative Societies. The mill may also accord its approval to the terms and conditions that may be imposed by such financing institutions while taking loans. The chairman and one director specially authorised by the Board of Managing Director shall be authorised to execute the documents and to agree to the terms and conditions for and on behalf of the society.

- 2) The Authorised share capital of the mill shall for the present, be rupees Two crores Fortyone lacs made up of A,B,C, and E class shares mentioneed in Bye-law No.8 hereafter. But A, B, and E class shares together shall have Rs.81/- lakhs and C Class shall be to the extent of rupees one crore sixty lakhs (Rs.160 lakhs).
- 3) Deposits and loans may be recived for fixed periods at such rates of interest and to such an amount as may be determined by the Board of Directors provided that the total of loans and deposits shall not exceed 10 (Ten) times the total amount of its paid up share capital, accumulated reserve fund and building fund minus accumulalted losses.
- 4) The funds of the mill shall be applied for attaining the objects and when not employed in the business of the mill shall be invested or deposited as required by sections 58 of the Karnataka Co-operative Societies Act.
- 5) Membership and Share Capital :
- | | |
|----------------------------------|------------------|
| 1) Total members as on 31-3-1990 | 2781 |
| 2) Authorised Share Capital | Rs. 241,00,000/- |
| 3) Paid up Share Capital | Rs. 241,00,000/- |

Of which following are the catagorywise position as on 31st March, 1990.

i)	"A" Class (Individual/Co-operative 50000 shares of Rs.100/-each share)	50,00,000
ii)	"B" Class (KAIC) (30000 shares of 100/- each)	30,00,000
iii)	"C" Class State Governement (160000 shares of Rs.100/-each)	160,00,000
iv)	"D" Class Nominal Members	---
v)	"E" Class Mill Employees (1000 shares of Rs. 100/-each)	1,00,000
	TOTAL Rs...	<u>241,00,000</u>

SOURCE : Annual Report and bye-law of the Gadag
Co-operative Textile Mill Ltd.,Hulkoti.

2:6 SYSTEMS OF COTTON PURCHASES :

The cotton purchase policy of the mill is designed is such a way so as to provide incentive price to the cotton growers. The mill purchases its cotton at the open auctions held by "Co-operative Cotton Sale Society, at Gadag" and T.A.P.C.M.S. of Annigeri, Navalgund, Hubli, Savanur, Kundgol, Hirekerur, Ranebennur and Ron Laxameshwer, etc. The cotton brought in these markets is graded by the APMC Agricultural Departments. Around 27 growers members and also 10,200 other cotton growers derive

significant economic benefits from the mill. There are benefits to members.

(i) The rates offered from cotton by the mill in the open auctions at the marketing societies are generally higher than the rates available to the farmers at Auctions carried out at the premises of private commission agents. These vary from time to time and price difference is in the range of 5% to 40% quintal depending on the market conditions.

(ii) A price incentive of Rs. 50 to Rs. 100 per quintal over the market rates is given to every member linked to the share value of Rs.100/-

(iii) Member's cotton is ginned and converted into yarn on behalf of them and after deduction of conversion costs the profits are passed on to the members concerned. From 1982-83 onwards member's availing of this scheme got Rs. 150 per quintal after sale of yarn.

(iv) One free bardon (Gunny bag for cotton) worth of Rs. 40/- to Rs. 45/- linked to the share value of Rs 100/- is given as incentive to

deliver the cotton to the mill/marketing society.

- (V) Extension advice to improve cotton production is given by Agricultural Science Foundation established by the mill. The mill has been arranging a workshop/seminars by Agricultural Experts for the benefit of member's. Thus mill has taken care of cotton development in particular and agricultural development of this area in general.

2:7 FINANCIAL RESULTS :

The mill has been working in profits continuously from the second year of its production. The mill has invested out of its profits in the reserves and other funds to the extent of Rs. 512.04 lacs upto July 1990. It is significant to note that the mill has redeemed Rs. 50.00 lacs share capital to the State Government.

The mill has also refunded the entire I.F.C.I. Term loan of Rs. 100.00 lacs alongwith interest accrued thereon. The position is depicted in the table No. 5.

TABLE NO. 2

PARTICULARS	1973-74	1986-87	1987-88	1988-89	1989-90	1990-91
	Rs. %	Rs. %	Rs. %	Rs. %	Rs. %	Rs. %
SHARE CAPITAL :						
Members	34.41	48.55	58.94	61.12	66.48	56.48
Government	83.75	43.75	47.4	43.75	49.68	43.52
TOTAL..	121.16	92.3	100	104.87	116.16	100

SOURCE : OFFICE RECORDS

The mill has obtained a loan of Rs. 49.53 lacs in 1982-83 and 1983-84 and 1985-86 for purchase of Tandem cards and New Blow Room lines to improve the production, productivity and quality. As the first phase of modernisation Eight Tondom are already working. Organisation has refunded Rs. 47.23 lacs to the Banker leaving the balance of Rs. 2.30 lacs only.

2:8 MODERNISATION PROGRAMME :

The mill started functioning from 1973 and after a period of 16 years there was a need for upgrading the technology and improve the productivity keeping. This is view, the management proposed a modernisation programme at a cost of Rs. 327 lacs of which 224 lacs has been sanctioned by financial Institution. The balance Rs. 133 lacs will be meet by internal resources of the mill. The project which consists of latest carding machines and auto winders of sophisticated technology, has been cleared by S.L.A.C. Orders have been placed for all the machineries and so far organisation has spent Rs.86 lacs towards this programme. I.F.C.I. has provided Rs. 85 lacs as first installment. By Implimentation of this project, the productivity will be increased.

The quality of the product will be competitive one. Apart from this the mill has installed one open End Spinning Machine which is latest technology in spinning which will help utilising the soft waste generated by the mill resulting in better realisation value.

2000 MT capacity godown is under NDCC III project has been sanctioned and completed at the project cost of Rs. 13.18 lacs. This is being utilised 100%.

2:9 MANUFACTURING OF YARN AND MARKETING :

The mill manufacturers 10s, 14s, 20s, 30s, 32s, 34s, 40s, 60s, 80s, 100s, 2/20s, 2/40s, 2/80s, and 2/100s the market demand sale of hanks yarn and cone yarn 66% and 34% respectively. The mill fulfilled the hank yarn obligation stipulated by the Textile commissioner, Governemnt of India. The daily production of yarn in about 7000 kgs. and the working is round the clock, no weekly holiday preference in the sale of yarn is given to weaver co-operatives and this Apex Organisations and Handlooms Development Corporations and after meeting the needs, Export of yarn to countries like Belgium, Bangladesh, Italy and other European countries have touched a new high of 1.94522 kgs.