

## **CHAPTER-I**

# **INTRODUCTION RESEARCH METHODOLOGY AND REVIEW OF LITERATURE**

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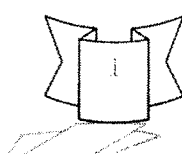
### **INTRODUCTION RESEARCH METHODOLOGY AND REVIEW OF LITERATURE**

#### **1.1 Introduction**

One of the basic needs of civilized mankind is cloths. The garment industry caters to the need of clothing. While textile refers to the production of intermediate products like fabric and yarn etc which are used to make the final product i.e. garment. The textile trade around the world has expanded at rapid speed than the GDP growth and trade in international textile and clothing has grown at higher rate than world trade. There is immense potential of growth with changing fashion and rising standard of living US and EU world be the major importer countries of textile products.

The Indian Clothing or apparel industry had its origin during the Second World War mainly for mass production of military uniforms. Over the years its profile has undergone significant changes. Technology has been gradually upgraded and there is qualitative and quantitative improvement in apparel industry in India. Now India is well known for its fine textile products and emerged a strong destination of all type of high end textile products. India's garments are exported to almost all parts of developed world. Now, most of the leading fashion brands are sourcing substantial quantities from India.

The textile industry plays a vital role in the development of Indian Economy. Textile good contribute around 35% of the total export of our country. It has played significant role in generating employment. Government has accepted a new economic policy in the year 1991 and it has laid stress on the liberalization and globalization. Under the new



economic policy some fundamental changes in trade and commerce have been made. The present policy to promote for trade in India is gaining importance.

The Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon is unique in feature because it is being run by the backward people of society. Therefore it is a need and proper time to undertake a research on this mill. In present research work attempts are made to analyse the financial performance of Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon. Hence under this overall backdrop present study has been taken up.

## **1.2 Significance of the Study**

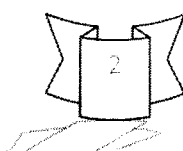
Textile industry is the most employment producing industry after agriculture in the country. This industry is mainly divided in three sector.

1. Government Sector
2. Private Sector
3. Co-operative Sector

According to production process there are seven steps in this industry. These are as below

1. Agriculture sector
2. Spinning mill
3. Sizing
4. Weaving section-  
sector divided in handloom, power loom, auto loom, airget and modern technology
5. Processing sector
6. Garment
7. Marketing

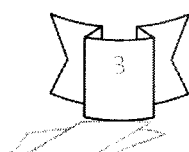
Out of these seven steps spinning mill is selected for the case study purpose. In spinning mill, yarn is produced for cotton. The researcher has selected Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon Taluka Hatkanangale for study. The reason behind selecting this mill is that it provides employment to thousands of people directly and indirectly and therefore it is significantly influenced on the local economy



of the Peth Vadgaon. Another significant reason is that it is cooperative mill and being run by the backward community of the society. Cooperative principle is the golden path between government sector and private sector in much respect therefore present study is justifiable. The present research work will helpful to solve the problems of other cooperative spinning mills and they will be developed much more. The present research task will also helps to the government while formulating and implementing textile policies.

As per as the particular mill is concern, study will certainly helpful in the overall development of mill, in many respect. This study is the compact inclusive study of the activity of business situation or it is systematic gathering adequate information about the business situation of the mill. It is form of qualitative and quantitative analysis of careful and complete observation of mill. It is in depth detailed study of the real situation as a whole. The quantitative data analytical framework, overall evaluation and interpretation are essential in gradients of the case studies. They are expected to provide very valuable lessons of practical implication. Therefore under this point of view present study is also justifiable.

The last but not least significance of the study is that it will definitely helpful to manager while decision making, formulating and implementing internal strategy, managing internal business environment, promoting the growth of the mill, identifying weakness, strength, threats and opportunities of the mill and so on. Hence under this overall background the present study is justifiable.



### **1.3 Objectives of the Study**

The major objectives of the present research work are as below.

1. To study the growth of textile industry at national, state, and regional level;
2. To study the origin and development of the Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon;
3. To study the production performance of the Mill;
4. To study sale performance of the Mill;
5. To analyse financial position of the Mill;
6. To observe the labour welfare activities of the Mill;
7. To find out the problems and it's way out, of the Mill.

### **1.4 Research Methodology**

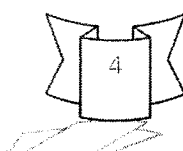
#### **1. Study Area**

The area selected for the study is confined to the Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon. Convenient and purposive sampling technique is used for selecting the Mill.

#### **2. Data Collection**

For the present research work prominently secondary data had been used. The necessary secondary data had been collected from various government reports, research papers and reputed journals. The data related to mill had gathered from Mill's annual reports and balance sheets of the mills.

The primary data had acquired by using interview techniques and observation. The primary data had been gathered from the employers and officers.



### **3. Sample Size and Technique**

For the selection of respondents, To analyse the welfare facilities provided by the mill, simple random sampling techniques has used. There are total 600 workers out of which 60 respondent workers had been selected as a sample. Thus the total sample size was 10 percent of the total workers.

### **4. Chapter Scheme**

The present research work has been divided into six chapters. These are as below.

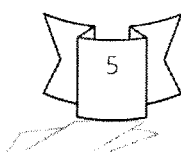
- Chapter I : Introduction Research Methodology and Review of Literature.
- Chapter II : Multi-Scenario of Cotton Textile Industry
- Chapter III : Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon
- Chapter IV : Financial Performance of Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon
- Chapter V : Labour Welfare Activities in Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon
- Chapter VI : Problems, Findings, Conclusion and Suggestions  
Bibliography

### **5. Limitations of the Study**

The study has the following limitations.

1. The study is limited only to one mill amongst the cooperative spinning mills in the district.
2. The period of the study is limited to ten years i.e 2003-04 to 2011-12

### **1.5 Review of Literature**



Review of literature is concerned to the study of previous research work in the field of chosen research problem and other problems related to spinning mills. An attempt is made to review the literature pertaining to the Spinning mills in India. In this chapter, to understand the research gaps in the chosen research problem and earlier research studies associated with spinning mills, books, Ph D thesis, published research articles are reviewed & presented.

**1. Asha A.Patil (1987)<sup>1</sup>**, in her study of financial analysis of the Deccan Cooperation Spinning Mills Ltd, Ichalkarangi (M.Phil Thesis) truly pointed out that financial analysis is the process of identifying the financial strength and weakness of the firm. The purpose of the study was to analysis ration analysis as a technique of analyzing the financial information. She concluded that the financial statements based on historical accounting system. The company should improve its liquidity position and try to bring it to the standard level.

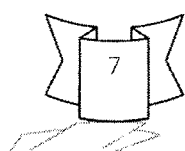
**2. Baviskar, Attwood (1994)<sup>2</sup>**, in his research article entitled “Progress and Future Prospects of Indian Textile Industry” has been pointed out that the cotton ginning and pressing co-operative mills started in Maharashtra state during the sixties decade with a great deal of enthusiasm. But many of them had closed down largely due to crop failure, market uncertainties, poor management and unskilled labour.

**3. Patil S.A. (1995)<sup>3</sup>**, in his Ph.D thesis entitled, ‘A Study of Managerial Aspects of Cooperation Spinning Mills in Ichalkaranji’. He concluded in his study that the cooperative spinning mills should be professionally managed or they should be performance oriented. Also he had added that to survive in competition all staff, technical and workers should be treated

on par as in private. He also founds that cooperative spinning mills are adversely affected by the political forces.

4. **Danish A Hashim (2005)<sup>4</sup>**, in his research paper entitled 'Post-MFA: making the Textile and Garment Trade from GATT Discripling' examines two factors i.e cotton yarn and garment industries. The decomposition of productivity growth shows that technological retrogression in the cotton yarn industry in the main reason for the its poor performance. The garment industry suffered in its three major states, Delhi, Punjab and Maharashtra. The decomposition of the factor prices into various sources shows that the materials. It can be concluded that the cotton yarn industry which is almost entirely by the government. There is also a need to encourage large scale production disbursement of credit at low interest rates, cheaper raw material higher availability of electricity at reasonable prices, promoting better capacity utilization flexible labour laws easy entry exit norms for firms and reduction in NRP and NTB some other necessary steps.

5. **Gurusamy, Umamaheswar, Rajasekar (2012)<sup>5</sup>**, in his article entitled 'Women Entrepreneur Development in Indian Textile Industry' focused on women entrepreneurship in Indian textile industry. This study is explaining the various schemes for the development and promotion of women entrepreneurs in India. It is also focusing on how the government creating awareness among women entrepreneurs and encouraging them to invest in textiles and technical textile sector. Though our country is always shows very good growth in terms of apparel exports, on comparison with other countries reveals that India lost opportunity in the past in growth trends of its textile and clothing industry. It needs to address internal challenges. It is definitely sure that the textile industry will get going because of its preparedness.



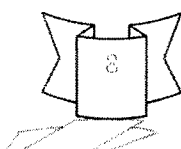


6. **Kulkarni V.B.(1979)<sup>6</sup>**, he critically presents a brief history of the textile industry in his book entitled 'History of Indian Cotton Textile Industry'. He is mainly concerned with the historical aspect of the industry. He has also given the critical understanding of the government policies declared time to time. It surely gives a brief idea of the whole textile industry and the policy of the government. But from the point of view of the management has to go a step ahead. Organizations and here the management does not provide proper facilities to the workers in all respects.

7. **Kadevakar S.V (1980)<sup>7</sup>**, in his Ph.D thesis entitled 'Management of cooperative spinning mills in Maharashtra'. He has analyzed the mills which are comparatively smaller in strength and there is no need of separate periodical and systematic review of manpower planning. He further stated that as an instrument for organizational planning and development there seemed to be a little understanding of the need for training as well as performance appraisal. He has found that there are no major problems of industrial relations in the mills.

8. **Dubeja A. (1981)<sup>8</sup>**, in his research article pointed out that the worker participation in the management is quite essential as it will increase the productivity of the mills. He focused on various problems of textile industry and comes at a conclusion that workers and authorities should work together to solve the problems and for growth. He suggested that unless the gap is filled with clear understanding there will be no proper progress.

9. **Kasturi P.B( 1984)<sup>9</sup>**, in her research paper entitled 'Comprehensive Study of Textile Industry' pointed out that industry to be more efficient



and homogenous in order to survive in modern competitive era. She stated that there is an urgent need of in-depth study of textile industry.

10. **Abdul.Hye.Mondal (1989)<sup>10</sup>**, in his paper entitled ‘Distribution of yarn in the handloom sector of Bangladesh’ attempted to examine the effectiveness of the distribution of yarn in the handloom sector in its historical and contemporary perspective. He finds that there is persistence shortfall in the total availability of yarn in the country in terms of quantity, quality, count and variety. There is clear need of centralizing yarn market and emphasizes than all out an efforts be made to improve the quality of the locally produced yarn to international and diversify production.

11. **The All India Federation of Cooperative Spinning Mills Ltd (2005)<sup>11</sup>**, in their report pointed out that the present competitive Scenario the only option left for the spinning cooperatives is to redeem them by the best professional approach in management i.e professionalization of management. A professional management implies that the approach is objective and not subjective. It should set goal for itself. Evolve a strategy and place in position a proper structure as well as system’s for implementing strategy. Because of their rural location the labour employed by spinning cooperatives are mostly agriculture based and lack in industrial culture. They need to be constantly given training not only to upgrade their skill but also to give them an industrial orientation not only labour but the shop floor technicians and higher ranking technical HR also need to be imported regular training so that their operational efficiency is competitive.

12. **Tippet L.H and Vincent P.D (1953)<sup>12</sup>**, in their survey entitled ‘Statistical Investigation of labour productivity in cotton spinning’

pointed out that most of the plants are underutilized and as result of that there is low labour productivity. Some of the plants are got high level profit because of optimum utilization of the plant with minimum cost therefore they are receiving more profit. Consequently they are in good financial position. Survey found that some of the firms are getting lower productivity because of unskilled labour and old machines.

**13. Mane S.V. (2004)<sup>13</sup>**, he comments in his thesis that, the organization would do the best by developing a corporate culture, by making clear statements of its missions, values and guiding principles, which all employees are regard to follow and also be providing antinomy to workers, better quality of work life, participative management, cooperative participation, better communication, increasing the skill and competence of people and a personal approach to people and their problems.

**14. Siziya, Munalula (2005)<sup>14</sup>**, they had experimented the effect of the cotton dust that is produced at the textile mills on the health of the workers which can cause serious, permanent lung damage. They had concluded stating that, the following respiratory conditions are associated with exposure to cotton dust: difficulty in breathing, chest tightness, coughing and wheezing. Further they added that some respiratory conditions might not have been noticeable in the workers because workers were only given one day off duty in a week. Respiratory conditions are more noticeable in workers on the first day at work after being off duty over the weekend or after being off duty for a few days.

**15. Lokhande M.A. (2007)<sup>15</sup>**, in his article the author has concluded that in order to arrest the sickness of cooperative spinning mills, there is a need of efficient and effective management of resources. As most of the

cooperative spinning mills lack trained and expert manpower in the areas of production, finance and marketing.

**16. Sharma Nand Kishore (2009)<sup>16</sup>**, he states that, “Jawaharlal believed that the industrial development of India could not afford to ignore or neglect the age of cotton and village industry, although setting up large scale and basic industries was inevitable. He thought it was a mistake that no attention was paid for their development. Nehru considered cooperative as the best form of organisation for the development of cotton and village industries.”

**17. The Southern India Mills Association, Coimbatore (2010)<sup>17</sup>**, in the circular it had been mentioned that, the bottom line of Spinning Mills has been strained due to non-availability of raw material, very high raw material cost, acute shortage of labour, high energy cost and lower spindle utilisation etc. In the recent past, it is learnt from the spinning mills in Andhra Pradesh that inspite of continuous recruitment of workforce, the mills are not able to retain the workforce and attaining only average labour productivity. In these circumstances, mills are forced to recruit local female workers in excess to minimise the utilisation loss results additional labour cost.

**18. Navneet Gera (2012)<sup>18</sup>**, in his research paper intend to understand the significant role of textile industry, its share in total export & future prospects. Textile export forms a significant role in Indian economy in terms of generating employment and earning foreign exchange. Developing economies like India have made transformational changes in industry in technological ways through various innovative measures from low technology level to a producer of high technological products. The role of government in the industry cannot be underestimated & has given

impetus to the industry especially after removal of quota system MFA in year 2004.

**19. Babasaheb Patil (2012)<sup>19</sup>**, paper presented entitled “A Study on Ratio Analysis at the Gadage cooperative Textile Mill Ltd,Hulkoti” , summarized view of the financial position and operation of the company. Therefore, now a day it is necessary to all companies to known as well as to show the financial soundness i.e position and operation of company to their stakeholder. It is also necessary to company to known their financial position and operation of the company.

**20. Kollalki (2009)<sup>20</sup>**, in his thesis entitled “ A study of employee moral and productivity in selected cooperative spinning mills of north Karanataka”, submitted to Shivaji University,Kolhapur concluded that the spinning mills must conduct regular employee moral survey, say every three years to know the moral pulse of the employee and review the personal policies in view of the changed circumstances. He also added that the productivity audits say every three years for measuring the productivity of the organizations material financial energy and human resources and compare the result of the employee moral survey so as to know whether all the available resources are being used optimally.

## **1.6 Conclusion**

The forgoing analysis clearly reveals that there are numbers of studies carried out on textile industry especially in the area of role of textile industry in economic development, problems of textile industry, labour productivity and production of yarn etc. Most of the studies are comparative in nature like private and cooperative textile. The missing research area is the financial analysis of cooperative textile mill

particularly run by reserve category people. Therefore in order to fill this research gap research is intended this research work.

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