

CHAPTER - 3

PROFILE OF SONGALE GIRNI

- **Historical Developments
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CHAPTER 3**PROFILE OF SANGOLE GIRNI**

Sangole Girni, established on 28th January, 1980, at Sangole, a Taulka Head Quarters in Solapur District of Maharashtra State, has been known for its good performance for last 10 years or so. Sangole Girni has, however, incurred a loss of Rs.314.58 lakh in the year 1994-95. The management has noted that this loss was incurred because of two reasons :

1. Cotton prices have gone up considerably and
2. There has been sluggish demand for the yarn in domestic as well as foreign markets.

HISTORICAL DEVELOPMENTS & PROGRESS MADE :

Sangole Girni's area of operation consists of Sangole, Mangalwedha, Pandharpur and Malshiras Talukas in Solapur District and Atpadi Taluka of Sangli District. Sangole Girni, with 7079 shareholders at the beginning, secured permission to start a spinning mill of 25,056 spindles. Construction of the buildings was started in 1982 and completed in 1984. The Girni started its commercial production on 14th Sept. 1984.

The Project Report of Shetkari Sahakari Soot Girni was prepared by All India Federation of Co-operative Spinning Mills Ltd. The term loan was granted by Industrial Financial Corporation of India, New Delhi. The financial details of the project are shown below.

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Sr.No.	Details	Amount in Lakh Rupees
1.	Share Holders' Capital	43.20
2.	Government of Maharashtra Share Capital	388.65
3.	Term Loan	350.00
4.	SICOM subsidy	41.56
5.	Own Resources of the Girni	40.36
	Total	863.77 =====

Land purchased for the Girni was 125 acres. Mill Buildings, canteen and rest room buildings, administrative buildings etc. are constructed on modern lines. All the machinery from Blow Room to Ring Frame was purchased from Laxmi Machine Works, Coimbatore. Jumbo (i.e. long) Ring Frames installed in the mill were the first of its kind in Maharashtra State at the time of their installation. Workers selected were from the nearby needy or shareholders families. Workers are paid wages on par with those paid by reputed mills in Solapur area. The Girni provides the workers with attractive incentives and rewards. Those who show outstanding performance or behaviour are properly rewarded. For example, workers are given awards if their attendance is more than 290 days in a year. For workers, the Girni has constructed 108 well equipped houses, primary school, welfare centre, community hall, play ground etc.

Highlights of the progress made by the Girni are given below in Table.

TABLE 3.1 PROGRESS OF SANGOLE GIRNI

Year	Total Income (Rs.lakhs)	Production & other expenses (Rs.lakhs)	Net profit (Loss) (Rs.Lakhs)	Capacity Utilisation in Percentage
1988-89	1053.16	1029.82	23.34	81.10
1989-90	1498.98	1218.13	280.85	89.98
1990-91	1226.10	1088.20	137.90	90.47
1991-92	2052.83	1797.89	254.91	90.40
1992-93	2431.30	2300.62	130.68	93.44
1993-94	2715.03	2551.90	163.13	94.00
1994-95	4188.96	4503.80 *	(314.58)	89.30

Source : Compiled from the records of Sangole Girni.

* Expenses include income tax.

ORGANISATION & MANAGEMENT :

As mentioned earlier, Sangole Girni is a Co-operative Society registered under Maharashtra Co-operative Societies Act, 1960.

Membership details and the share capital contributions, as on 31st March, 1995 are shown in the following Table.

TABLE 3.2 CAPITAL CONTRIBUTIONS AS ON 31.3.95

Type of Shareholder	No.	Share Capital Contribution (Rs.Lakhs)
Producer, Individual Members	7067	76.18
Co-operative Institutions	57	0.52
Maharashtra Government	1	1023.65
Total	7119	1100.35

Source : Annual Report of the Girni (1994-95)

Board of directors consists of total 20 members, of whom 10 are elected from amongst the producer members, 2 each as representatives of women and employees, and others include Government nominee, bank nominee, representative of co-operative institutional members, representative of Weaker section, representative of BC/ST, etc. Managing Director is an ex-officio member of the Board of Directors. He acts as Chief Executive of the Girni. A chairman and a Vice-Chairman are elected from amongst the directors, every year.

Note : In addition to the above, Marketing and Sales Personnel and Purchase Agents work at various places and report directly to the Managing Director.

The organisation chart, given above, shows the various departments, the important managerial positions and the heirachy obtained in Sangole Girni. For example, all the of officers report to the Managing Director.

Functions carried out by the key managerial positions are briefly given in the paragraph to follow.

1. Chairman : Overall responsibility and, therefore, the authority. Decisions taken at the general body and Board meetings are executed with the help of Managing Director.
2. Managing Director - He is an employee and the Chief Executive. By virtue of the provisions contained in the bye laws of the Girni, he is an ex-officio member of the Board. He is empowered with administrative authorities. He reports to the Chairman and the Board.
3. Manager helps the Managing Director in carrying out his functions.
4. Project Manager is in charge of (1) Project Identification and Implementation and (2) The commercial aspects, i.e. marketing of the Girni Products as well as purchasing of raw materials, spares. etc.

5. Personnel Officer is in charge of personnel functions. He is responsible for recruitment and training of employees, legal compliance with regards to the personal matters.
6. Labour and Welfare Officer is in charge of labour functions. He is responsible to provide the labour with the requirement welfare facilities and maintaining cordial industrial relations.
7. Cotton Development Officer helps the members in growing cotton is more than one ways. Supply of quality or improved seeds, educating members about new techniques to be used through seminars, workshops, lectures etc. are some of his important functions.
8. Security Officer is responsible for over all security in the Girni.
9. Mill Engineer is responsible for machinery installation, replacement, repairs, etc. so as to enable the production department to utilise the capacity to the fullest possible extent.
10. Spinning Master is responsible for carrying out the production process smoothly i.e. in a planned manner and without interruptions.
11. Safety Officer is responsible for safety of the workers in the factory.

The management of Sangole Girni had formed the following committees so as to facilitate the operational and decisional aspects :

I) EXECUTIVE COMMITTEE :

Executive Committee consists of six members and takes almost all decisions on Girni's operations.

II) COTTON PURCHASE AND YARN SAFES COMMITTEE :

Decision pertaining to purchase of cotton, price to be paid for cotton purchased and sale of yard are taken by the Committee.

III) STORE PURCHASE COMMITTEE :

Store Purchase Committee is concerned with decisions regarding purchase of stores, spares etc. at the most beneficial terms to the Girni.

IV) EMPLOYEES' GRIEVANCE SETTLEMENT COMMITTEE :

This committee is concerned with the settlement of workers' grievances in particular and workers' welfare in general. The Committee takes decisions on such issues.

SPECIAL FEATURES :

Sangole Girni is thought to be important for a study of its management because of its special features. They are :

- i) Yarn Quality
- ii) Marginal Expansion
- iii) NCDC Cotton Development Scheme and
- iv) The Awards Received by Sangole Girni.

Each of these four features are explained below :

i) Yarn Quality :

From the beginning the Girni has produced quality yarn which has been suitable for national and international consumption. It has made its name for quality in India and abroad. The yarn market is always fluctuating. Management of the Girni studies the yarn market judiciously and fixes the price on day to day basis. By this the Girni gets the best prices for the yarn. The yard is having ready market is Solapur, Vita, Ichalkaranji, Bombay and Tirpur. The Girni has also exported yard to countries like Mauritius, South Korea, Japan, Hongkong, Turkey etc. Self - certification facility is given to Sangole Girni by the Textile Committee.

ii) MARGINAL EXPANSION :

In the month of February 1989 the Girni obtained license for additional 5000 spindles. The Marginal expansion programme was completed in 1991. The cost of expansion of Rs.143/- lakhs was financed by the own funds of the Girni.

iii) N.C.D.C. COTTON DEVELOPMENT SCHEME :

Management of the Girni has taken up cotton Development Scheme to grow cotton locally to the maximum extent possible. In the year 1986-87, i.e., in the first year of cotton cultivation the Girni motivated the producer members to raise cotton crop on 600 acres of land. Year by year the acreage under cotton cultivation increased. By the end of 1994 the area under cotton cultivation stood 15000 acres. Looking to the successful and satisfactory performance of the scheme, National Co-operative Development Corporation has come forward to assist the Girni to meet a part of its cost by way of subsidy.

The Girni provides the cotton producer members with genuine seed at subsidised price and also educates the farmers by holding seminars etc. A qualified cotton development officer visits the fields and guides the farmers for timely action during the growth of cotton plants.

The Girni also purchased the cotton from producer members at much higher price than given by market. In 1993 the Girni purchased cotton at Rs.1400/- per quintal even though the market price was only Rs.1070/- per quintal. In the earlier years the Girni has paid incentive to producer members to encourage them to grow more cotton.

IV) AWARDS :

Right from the year 1985-86 and upto 1992-93, Sangole Girni has received one or another award either at the State Level or at the National Level. The Girni received seven types of awards during the eight years mentioned above. These awards are given below in a tabulated form.

TABLE 3.3 STATE AND NATIONAL LEVEL AWARDS

Nature of Award	Year(s)	From Whom Received
1. Best Working performance	1985-86 1986-87 1987-88 1988-89 1989-90 1990-91 1991-92	Maharashtra State Co-operative Spinning Mills Ltd., Bombay.
2. Outstanding performance in productivity	1986-87 1987-88 1988-89	All India Federation of Co-operative Spinning Mills Ltd., Bombay.
3. Cash gain (1st)	1989-90 1990-91	All India Federation of Co-operative Spinning Mills Ltd., Bombay.
Cash gain (2nd)	1991-92	All India Federation of Co-operative Spinning Mills Ltd., Bombay.
4. Net profit (1st)	1989-90 1991-92	All India Federation of Co-operative Spinning Mills Ltd., Bombay.
5. Labour Productivity	1989-90 1990-91 1991-92	All India Federation of Co-operative Spinning Mills Ltd., Bombay.
6. Mill of the Year	1990-91 1991-92	All India Federation of Co-operative Spinning Mills Ltd., Bombay.
Best Mill of the	1992-93 1990-91	Maharashtra State Co-operative Spinning Mills, Federation Ltd., Bombay.
7. Second best technical performance	1992-93	Maharashtra State Co-operative Spinning Mills, Federation Ltd., Bombay.

Source : Compiled from the records of the Girni.

FUTURE PLANS :**1) GINNING PROJECT :**

To give still better service to producer members, the Girni has thought of installing modern ginning plant. The Girni has taken active steps to prepare a project to install modern gins in its premises and make it an integral part of its spinning activity to set better graded and better ginned cotton, so that, it could further improve the quality of yarn, particularly for export market.

Under the NCDC scheme of installation of modern gin the project of Rs.105/- lakhs has been sanctioned by NCDC and it is pending for the state Government approval for revised project cost. The project cost of Rs.105/- lakhs proposed to be mobilised as under :

1. Members' Equity	Rs. 9.45 lakhs (9%)
2. State Government Share	Rs.27.30 lakhs (26%)
3. NCDC Term Loan	Rs.68.35 lakhs (65%)

Total	Rs.105.00 lakhs (100%)

2. PROPOSED EXPANSION OF 25,000 SPINDLES :

From the last four to five years of experience the management has come to the conclusion that, manufacturing coarser count will improve the profitability to a great extent. So to maintain the average count, the Girni proposes to add additional Back Process Machinery.

To achieve higher profits and to achieve improved performance, the management took a decision to expand its capacity from the existing 30,096 spindles to 55096 spindles by addition of 25,000 spindles in two phases. The first phase of 12,480 spindles has been commissioned in July 1994. For this expansion, machinery installed was modern.

The construction work of building, humidification, electrification etc. is entrusted to M/s Gheri Eastern Company. The automatic humidification system is installed and supplied by M/s. Luwa Company of Zurich - Switzerland. The expansion provided employment to about 400 persons directly and about 2000 persons indirectly.

With the help of this project the Socio-economic development of the industrially backward area of the Solapur District is possible. In addition, the yarn manufactured in this expansion is earmarked for export. There is a good demand for quality cotton yarn in international market. Export of yarn will fetch good margin of profit and will help the country to earn valuable foreign exchange.

The proposed first phase of 12,400 spindles expansion and back process machinery involves an investment of Rs.2640/- lakhs. The details of the cost of the project as taken from the Birni's Records are shown below.

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Sr.No.	Item	Rs. in Lakhs
1.	Civil Constructions	375.74
2.	Plant & Machinery	1636.28
3.	Electrification	159.27
4.	Humidification	157.73
5.	Misc. Fixed Assets	82.89
6.	Pre Operative Expenses	94.79
7.	Contingencies	49.89
8.	Additional Margin	83.36
	Total	2639.95
	Say	2640.00
		=====

This cost, the records of the Birni show, is expected to be mobilised as under :

A) Equity :

	Rs. in Lakhs
i) Internal Resources	396.00
ii) State Government Share Capital	317.50
iii) NCDC Share Capital	317.50
iv) SICOM Capital Incentive	25.00

Sub.Total (A)	1056.00

B) Debts :

i) Medium Term Loan (M.S.C.Bank)	1285.00
ii) Loan from NCDC	299.00

Sub.Total (B)	1584.00

TOTAL (A+B)	2640.00

This discussion gives anyone a feeling that the Girni has good prospects in future.