

CHAPTER - 1

BACKGROUND ANALYSIS

- **Textile Industry in India**
- **Co-operative Spinning Mills**
- **Financial Performance of Ring Spinning Mills**
- **Management Of Sangole Girni**

CHAPTER - 1**BACKGROUND ANALYSIS :**

It is intended to discuss in this chapter place of textile industry in Indian economy, the position obtained in Maharashtra and how management as an input can change performance of a co-operative spinning mill as has happened in case of the Spinning Mill at Sangole (Dist.Solapur, Maharashtra State). Full name of this Sangole mill is Shetkari Sahakari Soot Girni Ltd., Sangole (henceforth called Sangole Girni).

TEXTILE INDUSTRY IN INDIA :

Textile industry is the largest single industry in India with a history of 175 years. Even though the first cotton mill was started in 1818 in Calcutta, its real impact was felt only after the establishment of the first Cotton Mill in Bombay in the year 1854. A large number of textile mills were started elsewhere in India particularly in places like Ahmedabad, Madurai, Coimbtore, Kanpur etc. besides Bombay. The Swadeshi movement, launched in 1929, had its favourable effect on the textile industry. The industry made rapid progress with increased demand on account of the World War.

The year 1947 saw the country divide into two parts - The second part being Pakistan. Important Cotton growing area became part of Pakistan. Cotton had to be imported and the domestic cotton production was also stepped up. The initial Industry Policy resolution of 1948 and later on, that of 1956 specifically placed the textile industry in private sector.

The cotton textile industry in India is divided into organised or mill sector and unorganised (ordescentralised sector). The organised sector includes both spinning and weaning mills. The unorganised sector consists of handlooms, powerlooms, hosiery manufacturers and Khadi manufacturers. The organised sector in India now uses cotton as well as man-made fibers as its main raw material. Man-made fibers are used by the unorganised sector in a limited manner.

The position of textile mills in India, as of 31st March 1993, is shown in the following Table.

**TABLE 1.1 STATEMENT SHOWING STATE WISE TEXTILE MILLS in INDIA
as on 31/3/93.**

Sr.No.	State	No.of Textile Mills
1.	Andhra Pradesh	72
2.	Gujarat	121
3.	Karnataka	46
4.	Kerala	30
5.	Madhya Pradesh	31
6.	Maharashtra	137
7.	Rajasthan	34
8.	Tamil Nadu	485
9.	Uttar Pradesh	85
10.	West Bengal	39
11.	Other States and Union Territories	62
	Total	1142

Source : Compiled from Kothari's Industrial Directory of India

Output of the textile industry is the fabrics it produces and it is measured in square meters. Fabrics produced by textile industry in India is shown below.

TABLE 1.2 FABRICS PRODUCED BY THE INDIAN TEXTILE INDUSTRY
(In Million Sq.Meters)

Sectors	1990-91	1991-92	1992-93	1993-94
Organised Mills	2589	2376	2000	1990
Powerlooms	16004	16089	17826	19631
Handlooms	4295	4123	5219	5851
Total	22928	22588	25045	27472

Source : Facts, November 1995 (PP 36-39)

The textile industry in Indian accounts for about 20 to 25% of the total industrial production in the country. It also provides employment to about 20 million people in the country.

Co-operative Spinning Mills :

Statewise position of Co-operative Spinning Mills for the last five years (ending 1993-94) is given in the following Table.

TABLE 1.3 STATEWISE CO-OPERATIVE SPINNING MILLS

Sr.No.	State	Spinning Co-operatives	State/National Federation of the Spinning Mills	Total
1.	Andhra Pradesh	10	2	12
2.	Gujarat	6	3	9
3.	Karnataka	17	3	20
4.	Kerala	4	3	7
5.	Madhya Pradesh	4	4	8
6.	Maharashtra	81	4	85
7.	Rajasthan	5	1	6
8.	Tamil Nadu	16	1	17
9.	Uttar Pradesh	11	2	13
10.	West Bengal	3	-	3
11.	Other States and Union Territories	27	13	40
Total		184	36	220

Source : Annual Report of all India Federation of Co-operative Spinning Mills Ltd., Bombay, 1993-94.

CO-OPERATIVE SPINNING MILLS IN MAHARASHTRA

The position of Co-operative Spinning Mills in Maharashtra as on 31/3/94 is shown below :

TABLE 1.4 DISTRICT WISE CO-OPERATIVE SPINNING MILLS IN THE STATE OF MAHARASHTRA as on 31/3/94

Sr.No.	District	No.of Co-op. Spinning Mills
1.	Kolhapur	13
2.	Solapue	9
3.	Sangli	7
4.	Buldhana	5
5.	Jalgaon	4
6.	Akola	3
7.	Yawatmal	3
8.	Nagpur	3
9.	Latur	3
10.	Dhule	3
11.	Jalana	3
12.	Bombay (Inclusive of State & National Level Organisation	4
13.	Other Districts	25
	Total	85

Source : Annual Report of Maharashtra Co-operative Spinning Mills Federation Ltd., Bombay/1993-94

In addition to the above, there was one texturising unit of 550 MT/Year processing capacity as on 31/3/94. The details about these 85 mills as regards their operational status are as follows :

Total Co-operative Spinning Mills as on 31/3/94 - 85

Less Liquidated Mills	5	
Mills yet to start commercial production	25	30

Total		55
Less Mills not reporting to the Maharashtra State Co-op. Spinning Mills Federation (henceforth called the Federation), Bombay		24

Mills showing cash-gain		23
Mills showing cash loss		8

Reporting Mills		31

Financial Performance of Ring Spinning Mills :

During the year 1993-94 seven mills in production have remained closed either fully or partially and projects of 7 mills have been partly implemented. Therefore these 14 mills have not been considered for financial performance. The financial performance of these reporting Ring Spinning Mills for the last year ending 31/3/94 has been tabulated below :

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1. Number of Mills having cashgain	23
2. Their installed capacity (spindles lakhs)	7.43
3. Total cashgain in lakhs Rupees	4099.25
4. Cashgain per spindle in Rs.	551.72
5. Number of mills having cash loss	8
6. Installed capacity (spindles of these mills in lakhs)	1.86
7. Cash loss per spindle in Rs.	732.38

Comments on Financial Performance :

Out of 31 reporting mills as many as 23 mills have generated cash profits while 8 mills have incurred cash losses. There 31 mills under review have been grouped as given below :

1. Groups A :

Mills which had earned cash profit during the year 1992-93 have earned cash profit in the reporting year i.e. 1993-94 also.

2. Group B :

The mills which have earned cashgain during reporting year but had incurred cash loss during year 1992-93.

3. Group C :

The mills which have been incurring cash losses for last two years.

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It may be noted that Jawahar Latur, which had reported marginal cash gain during the year 1992-93 has incurred losses during the reporting year has been taken in Group C. The details of various mills under cash group are tabulated below :

Sr. No.	Name of the Mill	Installed Spindles	Year 1992-93		Year 1993-94	
			Cash Gain/ (Cash Loss)	Cash Gain/ (Cash Loss)	Cash Gain/ (Cash Loss)	Cash Gain/ (Cash Loss)
			<u>Rs.in</u> <u>Lacs</u>	<u>Per Spl.</u> <u>in Rs.</u>	<u>Rs.in</u> <u>Lacs</u>	<u>Per Spl.</u> <u>in Rs.</u>
GROUP - A						
1.	Babasaheb Naik	24960	46.36	185.74	339.87	1361.66
2.	Deccan	81564	112.11	137.45	492.77	406.15
3.	Jawahar Morane	50544	257.93	510.31	409.57	810.32
4.	Loknayak	25080	95.50	380.78	362.95	1447.17
5.	Malegaon	29040	85.17	293.39	135.34	466.05
6.	Nagpur Zila	26448	135.05	510.62	84.35	318.93
7.	Nav Maharashtra	25200	197.23	782.66	141.82	562.78
8.	Nilkanth	20496	106.27	518.49	174.11	849.41
9.	SHETKARI SANGOLE	30096	250.23	831.44	472.03	1568.41
10.	Swami Samarth	27432	139.48	508.46	207.77	757.40
11.	Vardha Zilla	24960	103.92	416.35	37.44	347.52
12.	Yashwant	30352	10.56	34.79	240.77	793.26
13.	Indira Vardha	21120	-	-	70.93	335.84
14.	Mula Sahakari	13000	8.04	61.85	10.58	81.39

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GROUP - B

1.	Amarawati	25336	(45.80)	(180.77)	55.07	217.36
2.	Ichalkaranji	56432	(127.70)	(226.29)	380.81	674.81
3.	Jagadamba	24960	(117.14)	(469.30)	95.35	382.01
4.	Kolhapur Zilla	75240	(88.25)	(117.29)	129.58	185.51
5.	Nagpur Vinkar	32554	(90.91)	(282.86)	15.34	47.12
6.	Sanjay Gandhi	20187	(14.29)	(70.79)	53.33	264.18
7.	Solapur	40832	(56.75)	(138.99)	142.78	349.68
8.	Vasantdada Sangli	28920	(183.59)	(634.83)	28.86	99.79
9.	Yawal	8208	-	-	17.83	217.23

GROUP - C

1.	Javahar Latur	49752	(39.62)	(79.64)	(13.31)	(26.75)
2.	Maharashtra	25016	(97.40)	(389.36)	(168.35)	(672.97)
3.	Markandeya	12640	(46.85)	(370.65)	(35.46)	(280.54)
4.	Nalganga	16320	(20.16)	(123.16)	(23.82)	(145.96)
5.	Nashik	26160	(78.25)	(299.12)	(157.91)	(603.64)
6.	Painganga	24960	(213.50)	(855.37)	(152.40)	(610.58)
7.	Shrirampur	19248	(41.73)	(216.80)	(151.12)	(785.12)
8.	Vasant	11772	(45.63)	(387.62)	(30.51)	(259.17)

Notes : i) Figure in brackets are Cash Losses
ii) Excluding Financial Results of

- i) Akalkot Taluka
- ii) Sant Gadgebaba Daryapur
- iii) Jalana Vibhag

Source : Annual Report of Maharashtra State Co-operative Spinning Mills Federation Ltd. for 1993-94.

From the table it can be seen that :

- A) Out of 31 mills, as many as 23 mills have managed to earn cash profits during the Accounting year 1993-94.
- B) Out of 14 mills which have earned cash profit during 1992-93 as well as 1993-94, eleven mills have registered sharp rise in their cash profit earning position.
- C) Nine mills which had suffered cash losses during the year 1992-93 have made handsome cash profits.
- D) Maximum cash profit as well as maximum per spindle profit has been recorded by SHETKARI SANGOLE during the year 1993-94.
- E) Eight mills which had incurred cash losses during the year 1992-93 have continued to incur cash loss during the year 1993-94.

The reasons for such drastic improvement :

Increase in number of mills earning cash gain, Increase in cash profits per spindle, reduction in cash losses of some of the mills which are incurring cash losses can be attributed to :

- a) Reduction in average cotton prices as against cotton prices of last year.
- b) Average yarn prices remaining more or less stable.
- c) Increase in contribution as a result of (a) and (b) which has compensated the increase in manufacturing cost and helped to earn cash profits.

Management of Sangole Girni :

In case of Sangole Girni, as indicated above, it has earned the maximum cash profit and the maximum profit per spindle during the year 1993-94. Sangole Girni has been earning cash profits since 1989-90. (Only in 1994-95, the Girni has incurred losses on account of the factors beyond the control of the management).

The position may be explained with reference to the most important input for performance : Management.

The management of the Girni must be given credit for the outstanding performance. This will be explained, in detail, in the chapter to follow.