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CHAPTER - VI

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MARKETING OF YARN

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CHAPTER - VIMARKETING OF YARNIntroduction :-

In this chapter a review of the marketing function being carried out by the co-operative spinning mills is made. Yarn is supplied by the weaver's co-operative spinning mills with preference for their weaver members and by the grower's co-operative spinning mills to weavers in the decentralised textile sector. The elasticity of demand for yarn is greater because the requirements of qualities and quantities of yarn change with the quality and quantity of cloth. This in turn is dependent upon the suitable type of cotton available in sufficient quantity.

The problem of marketing also differs from mill to mill. On the whole, the problem of marketing of yarn is a unique one due to variations in demands and fluctuating prices.



SECTION - ICOTTON YARN :-

Yarn produced from cotton staple, for weaving varies with the use to which it is put, whether on handloom or powerloom.

The medium and coarse counts of yarn (below 40s) require more cotton while fine and superfine counts (above 60s) require less amount of cotton. Thus, it is clear that count of yarn is deciding factor in cotton procurement.

The varieties in the cotton cloth manufacturing are decided by the varieties of counts of yarn with which the weaving is done which as coarse cloth, lower medium, higher medium, fine and superfine cloth, etc. The change in pattern of production is based on demand from the consumers. Thus cotton procurement is based on marketing. Unlike composite mills in private sector, co-operative spinning mills depend upon for the demand for their yarn from the handloom and powerloom weavers in the decentralised sector. Therefore, marketing problem is required to be considered along with the procurement.

SECTION - IIMarket for Yarn - Stages of Development :

India is regarded as the birth place of cotton cloth manufacturing. The fine fabrics were an attraction to the countries like Egypt, Greece and Rome. Yarn of very high count then in use was spun by hand and fine cloth woven on loom, operated by hand. There were many centres of this industry, each one prospered out of its own variety of cloth. Some of these centres are even now known for its specialities. Dacca, Banaras, Chinglepet, Madurai, Anantpur, Karnool, etc. In Maharashtra, Paithan was famous for a typical sari known as 'Paithani'. Exports of these handlooms cloth continued during the middle ages upto about 19th century.

With the invention of spinning jenny in U.K., the cost of spinning was much reduced and added to it the introduction of powerloom, the weaving cost also come down. As a result of this technical advance, not only exports decreased, but imports of cotton textile also started increasing in the country. This decline in trade was not due to entirely competition of cheap mill cloth imports but also due to withdrawals of the patronage of the state in India. The decline was also due to change in the dressing habits of the upper class and incapacity of handloom industry to adopt itself to modern requirements. Opening of the suez canal. Construction of network of railways added very favourably to increase the patronage of cheap mill cloth.

With the availability of cheap imported cotton yarn, question of revival of hand spinning industry did not arise but hand weaving sector did adjust with the change and started using imported yarn in place of hand spun yarn. In the beginning almost all the yarn was imported from Manchester but with the setting up of the composite textile mills (spinning and weaving) in India, these imports were replaced by mill made yarn at the end of the 19th century (1854 to 1900). The composite cotton textile mills began to use substantial portion of their yarn production, depriving of the yarn requirements of the handloom industry.

The powerloom called new rival of the handloom came into existence during the last 3-4 decades. The increase in and the geographic spread of the supply of electric power together with the availability of looms discarded from the mills provided a strong base for the growth of powerlooms in certain centres. The facility to improve ones earnings by switching over from handlooms to powerlooms, involving only a relatively small capital investment naturally induced a number of better placed handloom weavers to set up powerlooms. Today in Maharashtra there are about one lakh powerlooms.

SECTION - IIIDeamnd for and Supply of Yarn :

As a raw material, yarn accounts for a considerable proportion of the total cost of production of the weaver ranging from 50 to 80 per cent depending upon count and quality of yarn. Therefore, yarn is a major factor for powerloom and handloom industry and the availability of cheap and plentiful yarn is a primary base for the success of the industry. This primary condition is far from being satisfied owing to number of factors. Many a time weavers have to buy the yarn at the highest price and have to dispose off their cloth at the lowest. Their difficulties become more intricate when they enter the market for selling their cloth.

As far as yarn is concerned, the weaver is faced with pressures of yarn merchants, financiers and brokers. Generally weaver has no approach to the textile mills for his purchases. Neither a small dealer nor a wholesaler has his direct approach with the textile mills. For that purpose, broker is a link between the mills and wholesalers. Mills prefer sales on the basis of forward contract and for that purpose brokers being linking personnel, bring offers from dealers which are accepted by the mills on the basis of ruling rates of the day.

The dealer disposes his yarn after the taking of delivery from the mills and his transaction are either with the sub-dealer, Master weaver or co-operative society. The dealers will hold the stock as far as possible till it suit

them most. Purchases of yarn on forward contract basis enable the dealers even to compete with the direct sales made by the mills. Textile mills very rarely make a direct deal and even if it makes, it has been found that the price charged by the mills is far exceeding than that what the dealer would have charged. The Bombay Mill Owner's Association, in 1935, had offered to make sales to co-operative societies on credit but the weavers scheme could not take the advantage of the said scheme as the price charged was not competitive with the price of the wholesaler. Similarly, the Madras Handloom Weavers Co-operative Society had arranged with some important mills for direct sale of yarn to the primary societies was supplied direct to the nearest railway station and 60 days credit was allowed for payment. According to the report of the Registrar of Co-operative Societies, even this facility was found to be inadequate because the market rates of yarn at the time of delivery were found to be on cheaper side. In other words, a suitable link between the mills and weavers has not as yet been found.

Apart from the above factors, malpractices in selling yarn have a greater effect on the Weaver's earnings as his quality of cloth is deteriorated. It has been found out that the composite mills in the majority cases sell yarn which is only fit for the 'WEET' by the weavers. Similarly, the 'Rejects' are packed and sold as good yarn and weavers come to know about it afterwards. The dealers also get from the mill the yarns of higher count produced from the cotton not suitable

for that quality. The co-operative spinning mills have been considered as one remedy for the above problems. But the yarn manufactured by the co-operative spinning mills meets only 10% of the total requirement of the handlooms and powerlooms ~~and~~ sector.



SECTION - IVMarketing Policy Followed by the Weaver's Co-operativeSpinning Mills :

In setting up of 2 co-operative spinning mills in Sholapur District of which one was organised by handloom weavers (Sholapur) and another was organised by powerloom weavers (Yeshawant) were satisfying the needs of yarn of the appropriate count and quality.

Naturally these mills were mainly manufacturing cone yarn having plain reel and cross reel qualities. The members purchase the yarn at some fixed proportion. The count group wise production of yarn and total sale of yarn by these mills during 1983-84 to 1986-87 is given below.

TABLE NO. 6.1

Sholapur Mill : Production of Yarn (in kgs.)

Year	20s-40s	41s-80s	2/20s-2/40s	2/41s-2/80s	Total
83-84	1337744	215128	159222	78738	1790852
84-85	2321297	117558	210575	24470	2673900
85-86	2455566	201469	191789	88848	2937672
86-87	2736131	57907	247355	40724	3082117

TABLE NO. 6.2

## Sale of Yarn

Year	Quantity (in lakh kgs.)	Value (Rs. in lakhs)
1983-84	17.26	498.93
1984-85	27.10	825.75
1985-86	27.30	800.43
1986-87	32.50	894.78

TABLE No. 6.3Yeshawant Sahakari Soot Girani

## Production of Yarn (In kgs.)

Year	14s and 2/14s	20s and 2/20s	24s	34s	40s and 2/40s	Total
83-84	563700	3612607	25250	-	3400	4204957
84-85	492700	3464175	-	22750	22600	4002225
85-86	663750	3309490	-	-	5070	3978310
86-87	1003600	3482394	-	-	-	4485944

TABLE NO. 6.4

## Sale of Yarn

Year	Sale (in lakh kgs.)	Value (in Rs. lakhs)
1983-84	43.06	956.04
1984-85	40.49	1043.97
1985-86	40.41	905.44
1986-87	44.65	962.46

Table Nos.6.2 and 6.4 indicates the position of countwise production of yarn and sale of yarn under a study period. Both mills were organised by weaver members as handloom and powerloom weavers. Sholapur mill manufacturing yarns of such quality required by handloom weavers while Yeshawant Mill manufacturing yarn of such a quality required by powerloom weaver members.

It has been observed that the total production and also sale of yarn continuously increased during study period. In the case of Yeshawant Soot Girani, there was a slight decrease in total production and also sale of yarn during 1984-85 and 1985-86 while in the year of 1986-87 total production and also sale of yarn increased.

It was also observed that produced yarn was not sold in open market under auction sale or tender basis but sold to the handloom and powerloom weaver member - individuals or co-operative societies. Quota system was used by the both mills for the sale of produced yarn. Quota system was related with the share capital by the members and looms available with them. Thus there was not a competition among the members and price variables. Yarn was also sold to District Federal Handloom and Powerloom Co-operative societies. Thus this system of sale of yarn ensures some yarn as a more equitable basis at an agreed price which is usually slightly lower than or equal to the market price to each weaver member.

SECTION - VMarketing Policy Followed by the Cotton Grower's Co-operativeSPINNING MILLS.

The grower's co-operative spinning mills numbering 2, of which one independently owned by the cotton growers (Sangola) and another owned by cotton growers and weavers (Valsang). Both units were producing yarn generally combed, hanks and carded cone and hosiery during the study period. Specifically both mills were producing export quality of yarn, to export other countries. Particularly carded, combed and carded hosiery yarn from ~~xs~~ ~~xs~~ 10s to 60s and 2/10s to 2/60s produced during study period.

Following table shows count and qualitywise production of yarn and sale of yarn by Valsang and Sangola mills.

TABLE NO. 6.5

Shri Swami Samarth Soot Girani, Valsang

Year	Product of Yarn			Total
	Cone	Hank	Export	
1983-84	35000	-	-	35000
1984-85	948852	30134.20	-	978986.20
1985-86	1352205	223826.80	35000	1611031.80
1986-87	1478600	441392.00	207250	2127242.00

TABLE NO. 6.6

## Sale of Yarn

Year	Sale of Yarn (in lakh kgs.)	Value (In Rs. Lakhs)
1983-84	0.13	3.94
1984-85	7.27	218.72
1985-86	15.62	401.91
1986-87	21.89	535.16

## Shetkari Sahakari Soot Girani, Sangola

TABLE NO. 6.7

## Production of Warn

Year	(Figures in kgs.)				
	Carded	Combed	Plain	Export	Total
1984-85	417200	31182	-	-	448282
1985-86	1470853	289690	101791	28000	1890334
1986-87	15.80 lakhs	4.65 lakhs	1.72 lakhs	1.10 lakhs	22.55 lakhs

TABLE NO. 6.8

Year	Sale of Yarn (in lakh kgs.)	Value (in Rs.lakhs)
1983-84	-	-
1984-85	4.46	141.16
1985-86	18.89	510.97
1986-87	21.72	624.50

Table Nos. 6.6 and 6.8 shows that Valsang Mill was in production from 1983-84 while Sangola Mill went into production in 1984-85. It is observed that, the production and also sale of yarn increased rapidly, during 1983-84 to 1986-87. In the case of Valsang Mill the sale of yarn was 0.13 lakh kgs. in 1983-84, which increased upto 7.27 lakh kgs. in 1984-85, 15.62 lakh kgs. in 1985-86 and 21.89 lakh kgs. in 1986-87. Thus the rate of increase in the sale of yarn was more than 55 times, from 1983-84 to 1984-85 and from 1985-86 was 114.85% and from 1985-86 to 1986-87 remained 40.14%.

The performance of sale of yarn in case of Sangola Mill was more than 4 times during 1984-85 to 1985-86 and during 1985-86 to 1986-87 was 15%.

It is observed that both mills were installed recently after 1980 and therefore machinery used in both mills was modern. Both mills were manufacturing export quality of yarn. Sangola Mill exported 28000 kgs yarn in 1985-86 and 1.10 lakh kgs yarn in 1986-87 to U.K., Belgium, Itali and Pusan. Also Valsang mill exported 35,000 kgs yarn in 1985-86 and 207250 kgs yarn in 1986-87 to Britain.

Manufactured yarn was sold by tender system as per demand from the consumers. Particularly local market (Solapur) Wita, Madhavnagar, Ichalkaranji, Bombay, Bhiwandi, Malegaon in Maharashtra and also Karnataka and Andhra Pradesh were the centres of market for selling yarn to both mills.

Total Sale of Yarn by the selected spinning mills during 1983-84 to 1986-87.

TABLE NO. 6.9

(Figures in Rs. lakhs)

Year	Sholapur		Yeshawant		Valsang		Sangola	
	Sale	Value	Sale	Value	Sale	Value	Sale	Value
1983-84	17.26	498.93	43.06	956.04	0.13	3.94	-	-
1984-85	27.10	825.75	40.44	1043.97	7.27	218.72	4.46	141.16
1985-86	27.30	800.43	40.41	905.44	15.62	401.91	18.89	510.97
1986-87	32.50	894.78	44.65	962.46	21.89	535.16	19.83	624.50