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FINDINGS AND CONCLUDING REMARKS

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CHAPTER - VIII
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FINDINGS AND CONCLUDING REMARKS
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The present research work tries to study 'The working of four co-operative spinning mills in Solapur District'. Out of these four mills the two mills called as 'Sholapur Sahakari Soot Girani and Yeshawant Sahakari Soot Girani were established in 1970s, and the other two mills called as, 'Shri Swami Samarth Shetkari Wa Vinkari Sahakari Soot Girani, Valsang and Shetkari Sahakari Soot Girani' established after 1980. From the organisational point of view, the Sholapur Unit is organised by handloom weavers and Yeshawant is organised by powerloom weavers. The valsang Unit is organised by both weavers and cotton growers and the Shetkari Sahakari Soot Girani is organised by cotton growers. The Sholapur and Yeshawant Mills are located in the same premises of Sholapur town and Swami Samarth Shetkari Wa Vinkari Sahakari Soot Girani and Shetkari Sahakari Soot Girani are located in rural areas in North Solapur (Valsang) Taluka and Sangola Taluka respectively. Every unit is studied independantly.

The objectives of the study are as follows :

- 1) To study the functioning of selected co-operative Spinning Mills on the criteria of principles of co-operation.
- 2) To study the performance of business functions of the selected mills i.e. production performance of yarn,

marketing of yarn, provision of finance, financial structure, organisational set-up etc.

- 3) To study economic efficiency of the selected mills, and
- 4) To suggest some remedies for increasing economic efficiency of the selected units.

The present study is based on the information collected from the primary and secondary sources. For general historical background of the mills, handbooks; reports of the mills were studied. The study of the mills is from 1983-84 to 1986-87.

The statistical information and the introductory knowledge of the mills was gathered from the Annual Reports of the Mills.

In order to study the production performance of the mills under study, we refer, the statements provided by the production department of the mills under study. We also undertook ~~information~~ interviews of the officers concerned for studying the marketing problems of the selected units under study.

Chapter-II describes the profiles of the four selected co-operative spinning mills, it gives the historical background, project costs, production capacity of the units under study.

The organisational set-up of the units is analysed in Chapter - III.

The production performance of all the units are studied in Chapter - IV in respect of quality and quantity of yarn production.

Our main findings are that every unit under study is generally manufacturing a particular varieties of yarn. As it is stated from Table No.4.3 that 4 mills are manufacturing nearly 9 varieties of yarn. This includes plain reel, cross reel, cone, S.T.F., carded cone, Hank plain, Hank XX, Combed, Carded Hosiery etc., Out of these 9 varieties mainly 3 varieties such as plain reel, cross reel and cone are being manufactured by both Sholapur and Yeshawant Mills, whereas the varieties such as carded cone, Hank Plain and Hank XX are manufactured by Valsang Mill only. The Sangola Mill concentrating on Combed, Carded Hosiery with a specialisation in export quality of 30 counts, 31 counts, 2/40 and 36/1 counts. Valsang Mill is the next unit which is also concentrated on the export quality of yarn with its count numbers such as 20, 24, 2/20, 2/24, 2/30, 2/32 etc. While considering the count of yarn, it is observed that every unit is manufacturing different counts of yarn according to their demand. The common counts of yarn being manufactured by all the units includes 20s, 34s, 36s, 40s, 42s, 60s, 2/30s, 2/40s, etc.

Moreover it is also observed that the Sangola Mill is manufacturing very specialised quality of yarn 41s, 36/1, 36/2 and 40/1 varieties of yarn for export purpose only.

It can be observed that, in case of Sholapur Mill total production during study period increase from 1790832 kgs. to 3082077 kgs., which indicates that production increased by 72.05%. In case of Yeshawant Mill total production was declined from 4204957 kgs. in 1983-84 to 4002225 kgs. and from 4002225 to 3978310 kgs. in 1985-86, while it increased upto 4485964 kgs. in 1986-87. The rate of increase in production during study period was only 6.65%. The production of yarn in case of Valsang and Sangola Mills increased rapidly comparatively than Sholapur and Yeshawant Mills. The rate of increase in production was 64.53% in 1985-86 and 32.00% in 1986-87 in case of Valsang Mill while as 321.55% from 1984-85 to 1985-86 and 19.30% from 1985-86 to 1986-87. As stated in Table No.4.9 in 1983-84 3 mills were in production. Out of 3 mills, 2 mills were under utilisation of 75% to 90% spindles and 1 mill was under utilisation of less than 75% spindles. In 1983-84 all the units were in the ratio of 10% to 30% unutilised spindles. In 1984-85, 4 Mills were in production of which 2 mills were utilised less than 75% spindles and 2 mills were used more than 75% spindles. The percentage of idle spindles remained less than 30% in 2 mills, while 10 to 30% in other 2 mills. In 1985-86, 2 mills were below 75% utilised spindles, 1 mill was between 75% to 90% and 1 Mill was above 90%. The percentage of idle spindles was more than 30 in 2 Mills and 10 to 30 in other 2 Mills. In the year of 1986-87, the percentage of utilised spindles was less than 75 in 1 mill and 75 to 90 in 3 Mills, while the percentage of idle spindles was more than 30 in 1 mill and 10 to 30 in remained 3 Mills.

The financial structure of the selected units is explained in Chapter-V. Our finding is that the average project cost roughly worked out to Rs.714 lakhs per Mill. The maximum project cost amounts to Rs.863.70 lakhs (Sangola Mill) while Minimum project cost amounts to Rs.515.39 lakhs (Yeshawant Mill). This shows wide variation in the project costs of the Mills. The variation in project costs have also been observed even for same spindleage. The minimum cost of 25000 spindles mill amounted to Rs.781.15 lakhs (Valsang Mill), while the maximum cost for the same spindleage mill (Sangola Mill) amounted to Rs.863.70 lakhs.

In commercial organisation it is always desired that debt equity ratio should be 2 : 1. If we go through the Table No. 5.2, it is observed that not a single co-operative spinning mill had maintained the standard debt equity ratio. If the borrowed funds are more than the cost of capital namely debenture interest, loan interest, etc. can be directly charged to profit and loss account and such as since this expenditure is treated as deductible expenses for Income Tax purpose, there is a lot of saving in tax.

It is recommended that above mills should try to improve their debt equity ratio to reduce their tax liability.

On going through Table No.5.7 it is observed that, Sholapur Mill, Valsang Mill and Sangola Mills had maintained their individual cash-flow position satisfactorily. The

provisions depreciation, share capital redumption fund and investment allowance fund, etc. are of non-cash type expenditures and as such these expenses are added back to the respective years profit or loss. Particularly the Yeshawant Sahakari Soot Girani unable to maintain a steady cash-flow position due to the continuous loss over the years under study. It is recommended that the Mills should try its level best to maintain a steady profit and which will improve its ~~xxx~~ cash-flow position.

Chapter-VI deals with the marketing strategy of the Mills under study. Although the production performance is increasing, still there were ups and downs and gaps between the demand and supply position of yarn, therefore not a single unit under study was able to adopt the permanent appropriate marketing policy.

As stated in Chapter-VII, though the personnel management system in the selected units was satisfactory, the wage policy of the two units of Valsang and Sangola were not according to the norms.

The findings of our study can be briefly summarise as follows :

- 1) Although the spindleage capacity of Valsang and Sangola Mills is the same, the project cost of Sangola Mill is comparatively higher than Valsang Mill.

- 2) Surprisingly in both units of Sholapur and Yeshawant Mills, there is no post of Managing Director, on the other hand the Valsang and Sangola Mills are having the post of Managing Director.
- 3) The Sholapur and Yeshawant Mills are having representation of the workers in their Board of Directors.
- 4) During the period of our study the three units are showing increasing rate of production performance whereas the Yeshawant Mill is having fluctuation in production.
- 5) Regarding utilisation of spindleage capacity Sholapur unit ranks first at highest level of 85 percent.
- 6) The ratio between borrowed and owned funds is satisfactory in the case of Sholapur Mill at the level of 36.33% and 63.63% respectively.
- 7) The cash-flow position of three Mills of Sholapur, Valsang and Sangola is satisfactory.
- 8) Only two units of Sangola and Valsang are showing good performance in export of high quality yarn.

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