

%% %% %% %% %% %% %% %% %% %% %%
CHAPTER - I
%% %% %% %% %% %% %% %% %% %% %%

%% %% %% %% %% %% %% %% %% %% %%
INTRODUCTION
%% %% %% %% %% %% %% %% %% %% %%

J. J. G. G. G.

(1)

C H A P T E R - I
.....

SECTION - I : INTRODUCTION

Government of India has undertaken 'Twenty Point' Programme for economic development. That programme has given importance to the co-operative sector. On this background the study of co-operative spinning mills is necessary and it proves to be the useful. The co-operative spinning mills is also in the process of development. There is an urgent need for new literature that will influence coming developments in the co-operative movement. To pick-out the best themes for future work, it is necessary to evaluate what has happened in the past in co-operative spinning mills. There is also a diversity of conditions prevailing in the different sub-sector of the movement. Reviewing the research work carried on the co-operative movement a trend report based on the survey sponsored by the Indian Council of Social Science Research concluded "Many sub-sections of the co-operative movement to which great ideological importance is attached have not developed much in India. Studies are few in this field and are not significantly related to problems of management on the one hand and social transformation on the other. The important matters of co-ordinated development of the public and co-operative sectors as parts of a single public economic system acquires further research. Policy studies and management studies can contribute to improvement in

this field". Commenting on the existing studies done on co-operative processing the report said, "Considerable research is possible on appropriate incentive schemes for the component interests in co-operative spinning mills. In this field, again co-operative cotton spinning must be placed against a background of research directed towards developing an integrated textile policy for the entire industry and its sub-sections in India".

The study, therefore, is likely to prove as a torch bearer in the field of research in co-operation. Further, the findings of this research work has considerable relevance in the present period when important policy decisions are being taken on the national level in the field of the decentralised textile sector.

It is therefore, felt that the present research work would be an addition to the existing knowledge on the subject of co-operative business management in the country in general and spinning co-operatives in particular.

SECTION - II : IMPORTANCE OF CO-OPERATIVE SPINNINGMILLS.

It is agreed that only dispersed and decentralised growth of spinning mills should be encouraged to cater the needs of handlooms and powerlooms. Continued existence of handlooms and rapid growth of powerlooms have created a challenge to capital oriented composite mills. The vertical integration of the textile industry is begin replaced by horizontal and dispersed units. However, in the absence proper regulation of this growth certain imbalances have developed. The co-operative spinning mills are therefore designed to remove these imbalances. They take lead in its proper and regulated growth. In addition the above task, they have to emerge, as a nucleus in the region to which they belong, transmitting new vigour in the textile as well as in other economic activities. These nucleus in rural areas will lead to its economic rehabilisation.

SECTION - III : ORIGIN AND GROWTH OF SPINNING MILLS IN INDIA

The co-operative movement was started in India as early as 1891 in Punjab. But the co-operative movement in India began actually in 1904, with the enactment of co-operative Credit Societies Act. However, systematic and integrated programmes for development of co-operatives in the field of agricultural credit, marketing, processing of agricultural produce and supply of agricultural inputs were developments in the second, third, fourth and fifth five year plans. During the Fourth Plan, the objective was to encourage the growth of co-operatives and integrated development of various types of co-operative organisations. The Fifth Five Year Plan aims at strengthening agricultural co-operatives, making consumer co-operative more viable, correcting the regional imbalances and focussing the activities of the co-operatives more and more on small/marginal farmers and weaker sections of the population.

The co-operative movement has branched out in diverse such as credit, marketing, processing and storage for agricultural credit, processing, manufacturing and distribution of supplies for small and medium industries, rural electrification and public distribution of goods and food grains. Although the beginning of the processing industry in the co-operative sector can be traced back to 1917 when a co-operative cotton ginning and pressing unit

was established in the erstwhile Mysore state, the real start was, however, given after 1908 with the establishment of the co-operative sugar factory at Pravaranagar in the Maharashtra State.

Today the co-operative industry has diversified itself in different directions and sectors of the economic activity. A co-operative industry can take different forms as follows :

1) It may be organised by the producers (e.g. co-operative sugar cane growers, co-operative spinning mills, cotton growers, co-operative rice mills of farmers, etc.)

2) It may be organised by the consumers (e.g. co-operative spinning mills of weavers.)

3) It may be organised by workers (e.g. industrial co-operatives of self employed people.)

The establishment of spinning mill in co-operative sector in India is relatively of recent origin (In 1951, at Guntkal sponsored by the Madras State Handloom Weaver's Federal Co-operative Society). In 1958, another co-operative spinning mill was registered in the State of Madras with the special objective of providing employment, mainly to Indian repatriates from Srilanka and Burma. By the end of the Second Five Year Plan, as many as 21 co-operative spinning mills have been organised in the country. During

the Third Plan period, the programme for establishment of co-operative spinning mills, classed as processing co-operatives, was launched with the help of the National Development Corporation of India. As a result, by 1973, 24 co-operative spinning mills of cotton growers were registered in the country. Besides the co-operative spinning mills of weavers and cotton growers, a third category came into existence during 1961-62 in which both the growers and weavers were enrolled as members, such mills were classed as mixed sector mills.

Presently, there are in all 82 co-operative spinning mills in production in the country having a total spindleage of 20.58 lakhs. This accounts for just over 8 percent of the total spindleage. Out of the 82 installed mills, 38 mills are of growers and 44 of weavers. The statewise position of the mills installed and under utilisation is given in following table.

TABLE NO. 1.1.

No. of mills installed and under installation -
(1984-85). (IN INDIA)

State	No. of Mills Installed	No. of Mills Under Installation
Assam	--	02
Andhra Pradesh	07	02
Bihar	--	03
Gujrat	05	--
Haryana	01	--
Karnataka	07	03
Kerala	03	01
Maharashtra	26	05
Madhya Pradesh	01	01
Orisa	05	01
Punjab	04	02
Rajasthan	02	01
Tamil Nadu	16	02
Uttar Pradesh	05	07
West Bengal	01	02
Pondichery	--	01
Total	82	33

SECTION - IV : CO-OPERATIVE SPINNING MILLS IN MAHARASHTRA

Maharashtra State playing an important role in respect of co-operative spinning mills in our country. At present there are 82 co-operative spinning mills in India, of which 26 co-operative spinning mills are installed in Maharashtra.

Maharashtra possesses a large number of powerlooms and handlooms. There are about 1,85,000 handlooms and 90,816 powerlooms on cotton yarn. Powerlooms have concentrated in sizeable numbers around Bombay, Bhiwandi, Thana, Malegaon, Ichalkaranji, Solapur, Dhulia and Sangli in the State of Maharashtra. Nearly half of the powerlooms in India are located in Maharashtra. Handlooms and powerlooms derive their supplies of raw materials i.e. yarn from cotton mills. With a view to protecting the interests of handlooms and powerlooms the Govt. of Maharashtra have adopted a number of measures relating to financial assistance, differential rates of excise duties, reservation of certain cloth varieties etc. for handloom and powerloom weavers in decentralised sector. A notable feature in the history of co-operative spinning mills is the year of 1960 in which first co-operative spinning mill was established i.e. the Deccan Co-operative Spinning Mills Ltd. at Ichalkaranji, in Kolhapur District.

In 1959, a typical attempt to run a mill on co-operative basis was made at Bhor. In 1943, Shri Laxmi

Textile Mill was established at Bhor as a private company by State Govt. of Raja Bhor. In 1953, ultimately the mill was closed down. In 1959, the workers of closed unit formed an co-operative society i.e. Shri Shivaji Textile Workers Co-operative Spinning Mills Ltd. with the assistance of State Govt. The concept of co-operative spinning mills was thus ushered in Maharashtra in 1959-60 in the form of two significant attempts of Bhor and Ichalkaranji. Both the attempts denoted the desire to step into a new field of industrial activity, with a view to securing material and economic benefits for their members. The proposals for the establishment of co-operative spinning mills were later received from weavers of Nagpur and Solapur on the lines of Deccan and the units were installed and went into production in 1968 (Nagpur) and in 1967 (Solapur). In Third Five Year Plan period, Govt of India decided to give preference to co-operative sector then to the private sector. In persuance of this policy, 14 proposals were prepared with the help of National Co-operative Development Corporation. In 1964, Yeotmal District Cotton Growers Co-operative Spinning Mills Ltd. was established. Out of these 14 co-operative spinning mills licensed in Grower Sector, Kolhapur, Amaravati, Shrirampur, Latur, Bhusawal, Nanded units were installed in 1969, while other units installed later. Industrial Finance Corporation,

Maharashtra Co-operative Bank Ltd., came forward to assist to needy units for the installation while All India Federation of Co-operative Spinning Mills Ltd., Bombay provides technical aid for the installation of co-operative spinning mills.

SECTION - V : CO-OPERATIVE SPINNING MILLS IN SOLAPUR
DISTRICT.

Solapur District occupies a place of pride in respect of co-operative spinning mills in Maharashtra. By 1985-86, there were 26 co-operative spinning mills registered and installed in Maharashtra and out of these 26 mills, 5 co-operative spinning mills were installed in Solapur District. It accounted that 20% of co-operative spinning mills in Maharashtra, are installed in Solapur District.

Solapur city had one of the biggest composite Mills in India, namely, 'The Sholapur Spinning and Weaving Mills Co.Ltd.' which had 1,18,000 spindles and about 10,000 looms. This mill went into liquidation in the year 1952 which resulted into unemployment of about 25,000 workers. Thereafter some of the skilled workers started the handloom and powerloom industry in decentralised sector. Particularly handloom weavers societies have started industry on co-operative basis. Primary handloom weavers societies were formed by the handloom weavers. There were about 14,000 handlooms with such 158 co-operative societies. Thus there was need to provide input (yarn) without frequency and at reasonable prices to the handloom weavers societies. For the fulfilment of need such efforts were made by the handloom weavers and 'Sholapur Sahakari Soot Girani Niyamit, Solapur' was registered and licensed in 1964. This was completely organised by the handloom weavers co-operative societies.

Upto certain extent the problem of handloom weavers solved but also the number of powerloom weavers was very large. There were nearly 10,000 powerlooms working in the city. All these powerlooms were owned and run by small artisans and they were spreadover in small units of 2 to 4 looms per unit. Out of these 10,000 powerlooms, about 6,000 powerlooms were engaged in the production of Jecquard Chaddar and others in the production of dhotees and long cloth. On the basis of handloom weavers co-operative spinning mill, (Sholapur Mill) there was need of another spinning mill in co-operative sector to meet the requirements of powerloom weavers. Thus in 1967, powerloom weavers co-operative spinning mills was registered and licensed which is known as 'Yeshawant Sahakari Soot Girani'.

Solapur district possess vast land resources, which depends on nature for cultivation. Major portion of land was utilised for the cultivation of cotton in Kharip season in Madha, Malshiras, Pandharpur, Akkalkot, South Solapur, Mangalwedha and Sangola talukas of Solapur district. The number of difficulties faced by the cotton growers for the sale of cotton in market. There was need to give a reasonable return to the cotton growers for employment potential and utilisation of land resources. Efforts were made by the cotton growers to establish co-operative spinning mills on the producers basis. Thus Shri Swami Samarth Shetkari Wa Vinkari Sahakari Soot Girani was registered and licensed in 14-11-1979 in mixed sector, at Valsang in South Solapur.

Shetkari Sahakari Soot Girani Ltd., Sangola was registered and licensed in 28-1-1980 at Sangola Taluka of Solapur District as cotton growers mills.

Shri Jagadamba Shetkari Vinkari Sahakari Soot Girani Ltd., Madha was registered and licensed in 1-12-1982 at Madha Taluka as cotton growers and weavers basis. Particularly Madha Mill was organised by schedule caste farmer - cotton growers and vinkars.

Thus at present there are 5 co-operative spinning mills installed in Solapur District. Shri Jagadamba Anusuchit Jati Shetkari Vinkari Sahakari Soot Girani Niyamit, Madha was recently installed and came into production in 1985-86.

Out of these five mills, 2 mills were organised by weavers on consumers pattern, 2 mills were organised by cotton growers and weavers in mixed sector and 1 mill was organised by cotton growers.

CLASSIFICATION OF MILLS

Sr.No.	Name of the Mill	Type of Mill
1.	Sholapur Sahakari Soot Girani	: Organised by weavers.
2.	Yeshawant Sahakari Soot Girani	: Organised by weavers.
3.	Shri Swami Samarth Soot Girani Valsang	: Organised by weavers : and cotton growers
4.	Shetkari Sahakari Soot Girani, Sangola	: Organised by Cotton : Growers
5.	Shri Jagadamba Anusuchit Jati Shetkari Vinkari Sahakari Soot Girani, Madha	: Organised by weavers : and cotton growers.

SECTION - VI : OBJECTIVES OF THE STUDYIntroduction :-

The co-operative movement in Maharashtra has been playing an important role to bring about socio-economic change, particularly in rural areas. The agricultural sector is benefitted in the field of agricultural credit, agricultural marketing and agro-based industries such as sugar factories, dairy industries, processing units - like co-operative weaving and spinning mills, oil mills, etc.

Basically co-operatives are democratic - economic organisation of the weaker sections of the society. The main principle of their functioning is self-help with mutual aid. The benefits are to be distributed equally and equitably among the members themselves for socio-economic benefits. It follows that the success of any co-operative organisation should be judged on these principles of co-operation.

Objectives :-

It is against this background the present research work tries to study the economic performance and of co-operative spinning mills in Solapur district. The specific objectives 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.

SECTION -VII : HYPOTHESIS AND METHODOLOGY OF STUDYHypothesis of Study :-

The findings of the study are expected to give general idea of the growth of the mills and to indicate a perspective for the future development of mills.

The study is designed to test the following main hypothesis :

- 1) The cotton textile industry is today a highly sophisticated and competitive. Hence the technical inputs of the mills need to be high order.
- 2) The operation of the co-operative spinning mills must be economical and efficient.
- 3) All the co-operative spinning mills are co-operative in character, therefore the members must be the main beneficiaries of the business done by the units.

Methodology :-

The following co-operative spinning mills, are selected for the study.

- 1) Sholapur Vinkar Sahakari Soot Girani Niyamit, Solapur.
- 2) Yeshawant Sahakari Soot Girani Niyamit, Solapur.
- 3) Shri Swami Samarth Shetkari Wa Vinkari Sahakari Soot Girani Niyamit, Valsang and
- 4) Shetkari Sahakari Soot Girani Niyamit, Sangola.

The present study is based on the information collected from the secondary and primary 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 informal interviews of the officers concerned for studying the marketing problems of the selected units under study.

SECTION - VIII : LIMITATIONS OF THE STUDY

The analysis which is made in this dissertation is based on the Annual Reports and records made available by the authorities of the concerned units. The period for the study was limited to 4 years only as from 1983-84 to 1986-87. Therefore, it is not possible to come to any final conclusions regarding the market, production, finance and market problems of every individual unit under study.