

**CHAPTER -VI**

**PROBLEMS, FINDINGS  
AND SUGGESTION**

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#### 6.1 Introduction

The Indian Textile Industry is a vertically integrated industry which covers a large gamut of activities ranging from production of its own raw material namely, cotton, jute, silk and wool to provide to the consumers high value added products such as fabrics and garments. India also produces large varieties of synthetic and manmade fibres such as filament and spun yarns from polyester, viscose, nylon and acrylic which are used to manufacture fabric and garments

The textile sector plays a significant role in Indian economy by contributing to the Gross Domestic product, generating employment and earning foreign exchange. 35 million people are directly employed in the Indian Textile Industry, which contributes to 4% of GDP and 21% of total export earnings.

India is globally a significant player in the textile sector and is globally the

- Third largest producer of cotton and cellulose fibre/yarn.
- Second largest producer of cotton yarn.
- Largest producer of jute, second largest producer of silk.
- Fifth largest producer of synthetic fibre/yarn.

After having overview of Indian textile Industry and detailed study of 'Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgao' researcher is in a position to point out major findings and to draw a conclusion.

## 6.2 Major Findings at Macro Level

- 1) The Indian traditionally, after agriculture, the only textile industry that has generated huge employment.
- 2) Indian textile industry is playing an Important role in economic development of India.
- 3) The textile industry of India contributes nearly 14 % of the total industrial production and also contributes around 3 % to the GDP and currently generates employment for more than 35 million people of the country.
- 4) There is an increasing trend of number in spinning mills. At end of Nov. 2010 there were 1,947 mills in the country.
- 5) The textile export had downward trend in 2005-06.
- 6) The Government has taken several positive steps such as Integrated Textile Parks Schemes , Tuffs, Technology Mission on Cotton, Fiscal Nationalization etc.
- 7) The Textile industry has been divided into two categories organized and unorganized sector. In organized sector private, public and co-operative agencies run it. The co-operative sector is becoming sick sector, now a days, due to outdated technology and machinery, unhealthy competition, decreasing productive, corruption, and political interference in the administration etc.
- 8) The Government of India Textile Policy 2000 interned to increase the cotton productivity by at least 50 percent by upgrading quality to global standards.

- 9) After independence it has been seen that growth of weaving sector is more in decentralized sector like mill sector, where as growth of spinning sector is mainly in mill sector.
- 10) Maharashtra has many textile centres, viz., Bombay, Bhivandi, Thane, Malegaon, Ichalkaranji, Solapur, Duley and Sangli mainly in decentralized sector.

### **6.3 Major Finding at Micro Level Study:**

#### **A. Positive Aspects of the Mill**

- 1) The Mahatma Phule Magaswrgiya Sahakari Soot Girni Mill is being run by the farmers , weavers and schedule caste peoples. These members are belongs to low income group therefore performance analysis of this mill has special significance. The cooperative principal of social concern is effectively practiced in the mill. Therefore being a cooperative mill it is working smoothly and contributing significantly in the development of local area.
- 2) The mill has imported 25, 200 various ring spindles and indigenous spinning machinery. No doubt that it will be positively influence on the overall performance in general and on the production performance particular in the coming years.
- 3) Though financial aspects of the mill are not satisfactory. The mill has successfully recovering their weak financial position especially from 2010 onwards. It is trying their level best to sustain and revive in this modern competitive era through adopting multi strategic planning, i.e marketing strategy, production strategy and sale strategy.
- 4) The mill has much more future scope for local sale of yarn. It is evidence from the present study that local sale is increasing very rapidly. It means that mill has succeeded in local market capturing and earning market externalities.

- 5) The mill has raised capital from members, Government of Maharashtra and co-operative society. The share capital base of the mill is strong due to the large contribution of government and cooperative societies. It will enhance the assurance of stable and smooth growth of the mill.
- 6) Mill has taken loan from financial institutions and social welfare department of Govt. of Maharashtra during the study period. This finance also positive contributed in the growth of the mill.
- 7) In the recent years from 2010-11 to 2012-13, the gross profit ratio of the mill has increasing trend which indicates improvement in strength of the mill.
- 8) During the period from 2004-005 to 2011-12 mill were suffered from heavy losses. But in the year 2012-13 it has earn positive profit of Rs 3.82 cr. which is charming achievement of the mill. It is quite difficult for any firm to earn direct positive profit after heavy losses of nine years. Therefore there are future hopes for this mill.
- 9) Though the net profit shows dismal picture of the mill, the gross profit is satisfactory.
- 10) Although mill is suffering from heavy losses the future of the mill is hopeful because of two reasons. These reasons are A) Even though the overall external environment of the mill starting downward in the year 2007-08, the mill has raised its maximum share capital in that year. Therefore there are chances of hope. The year 2009-10 was good business year of the mill in which it had received maximum loan under social welfare scheme, achieved maximum sale and succeed in mainting constant gross profit rate. B) The year 2012-13 is the revival year for the mill because it is recovered their heavy losses.

- 11) Fixed asset turnover ratio has increasing trend and it is highest in the year 2011-12 which indicates that the mill has started using its fixed assets more efficiently.
- 12) From 2008-09 to 2011-12 Fixed asset turnover ratio showing increasing which shows improvement in the efficient use of fixed assets of the mill. This means that mill has started using their resources more efficiently as a result of that it has revealing from its adverse financial position 2011-12.
- 13) The mill administration and management is very much conscious about labour welfare activities. There are around 24 different labour welfare schemes and programmes which are being practiced in the mill. The amount spent on the labour welfare through these schemes is also very high.

#### **B. Negative Aspects of the Mill**

1. The financial analysis of the mill clearly reveal that the mill is suffering from heavy losses as per as the net profit ratio and net profit - net loss account is concerned. The growth rate of the current assets and current liabilities of the mill during the study period shows gloomy picture because the simple growth rate of current liabilities is more than the current asset excepting year 2009-10. And the current liabilities of the mill are growing faster than of current assets which undesirable phenomena.
2. The current ratio of the mill has decreasing trend which implies that the mills capacity to meet day to day payment obligation is going to decrease. In other words the ability of the mill to meet day to day running expenses is declining which is not good indicator for any firm.
3. The mill has entirely failed to recover and control the losses in the net profit during the study period. Though it has earned the net positive

profit in the year 2012-13, it was failed to control this losses during the remaining years of the study.

4. Total owned capital of the mill is very meager which indicates more financial dependence. The mill is mostly depends on the other sources of finance like government and cooperative societies share capital.
5. The mill has less spindle utilization due to various reasons like labour shortage, electricity failure, maintance, repairs, and public holidays. The mills spindle utilization is in between 80 % to 87 %.
6. The variable cost of the mill is increasing due to the miss management of the workforce and resources.

#### **6.4 Suggestions**

It is observed in the light of detailed study of the Mill for the period under consideration i.e. from 2002-2003 to 2012-13 , number of problems with regard, to loan production, cost of electricity supply, Labour cost etc. are faced . In order to come out of the problems of the mill, it has to take certain steps to increase its profitability.

- 1) Electricity consumption is going up day by day Mill should take necessary steps to reduce the power consumption.
- 2) The saving in the cost of raw material is important factor to increase direct profit. In this regard mill should take various research activities and trial to reduce mixing cost by using high quality cotton with minimum cost. There is also necessary to reduce waste generation.
- 3) The Mill has not repaid the midterm and long term loans. The Mill has to raise its capital to meet paucity of capital. The Mill has to restructure the present loan and secure fresh loan with soft interest rate.

- 4) Day by day labour charges are also becoming expensive. In order to reduce labour cost the mill has to modernize labour intensive process. Labour training helps to improve their efficiency and reduce unnecessary employment.
- 5) The Mill may follow direct purchases if possible. Besides, reuse of waste cotton be done to minimise cost of raw material.
- 6) The soot girani is advised to take steps for fuller utilisation of spindle capacity for production.
- 7) Since the power cost per unit of captive power generation is lower spinning Mill should start the use of captive power and save money in large extent.
- 8) Once in a month department wise meeting should be conducted to solve the problems of the workers in presence of personal officer, Labour welfare officer, supervisors, soot girani master and General Manager.
- 9) Mill should try to increase its sales so that the stocks of the mill will be reduced and profit will be increased.
- 10) The soot girani should try to reduce the proportion of inventories in current assets.
- 11) The personal department should display on notice board the various schemes policies and programmes of the mill promptly. This will keep workers in constant touch with the affairs of the mill.

## **6.5 Conclusion**

Textile Industry in India is the second largest employment generator after agriculture. It holds significant status in India as it provides one of the most fundamental necessities of the people. Textile industry was one



of the earliest industries to come into existence in India and it accounts for more than 30% of the total exports. In fact Indian textile industry is the second largest in the world, second only to China.

Maharashtra is popular known as cotton growing area. The cotton yarn power looms are concentrated in sizeable number around Bombay, Bhivandi, Thane, Malegaon, Ichalkaranji, Solapur, Kolhapur, Dhule, Sangli Maharashtra. The vidarbha region has a pre dominate in cotton production while western region is famous for spinning mills. A notable feature in the history of co- operation spinning mills in the year of 1960 in which first co- operative spinning mills was established in Maharashtra ie. The Deccan co- operative spinning mills ltd; at ichalkaranji in Kolhapur district.

The present study has put focus on textile industry in Kolhapur district in general and Mahatma Phule, Magaswargiya Sahakari Soot Girni Ltd Peth Vadgaon in particular. Mill founded by backward class members. Who are inspired by the thought and goals of getting developed rural area, with industrial development and unemployed youths should get employment. The financial position of the mill is not satisfactory. In the financial year 2012-13 the mill is reviving with in creating net profit and further and works forever mill is strongly stands with financial position. The mill acts for spending huge amount on labour welfare activities with heavy loss which is cheering thing.