

TOPIC NO : III

PROFILE OF THE LAXMI CO-OP. PROCESSORS LTD.

ICHALKARANJI.

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ICHALKARANJI.
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TOPIC NO. 3

PROFILE OF THE LAXMI CO-OP. PROCESSORS.

HISTORY OF THE LAXMI CO-OP. PROCESSING, ICHALKARANJI :

Ichalkaranji an humming centre for powerloom and handloom industry is situated quite away from highway and Rail Communication in Kolhapur District. It has no special geographical or other natural advantages for the development of Textile industry. But against various odds Ichalkaranji has accepted a place of pride in the industrial map of Maharashtra. State mainly because of its poineering zeal in powerloom industry. The first powerloom outside a composite mill was installed here in the year 1904. Strength of powerloom was ever increasing despite various odds such as post-war depression, scarcity of yarn, heavy taxation etc. The sole reason of the growth of this industry and its survival was due to intringic skil and hard working nature, urban enterprenureship.

BACKGROUND :

Yarn manufacturing activity consist of spinning

winding, warping, sizing, weaving and processing. Textile industry in Ichalkaranji started first of all with weaving activity only. With the increasing strength of powerloom industry, winding, sizing, warping have also been started in Ichalkaranji. This is peculiar characteristic of decentralise textile industry. After independence co-operative movement under agro-industrial policy of Maharashtra State, gathered momentum in agriculture as well as industrial fields. Decentralised powerloom sector was best suited for co-operative development. Deccan co-operative spinning mill, Kolhapur Zilha Shetkari Sahakari Soot Girni, Ichalkaranji Co-op. Spinning Mills were established in Ichalkaranji, and proposals for three new co-operative spinning mills have been submitted and they will go into production within few years. The grey cloth woven on these powerloom awaited its further leap in the field of processing. This is the root cause of forming Laxmi Co-Operative Processing Ltd., Ichalkaranji.

FORMATION OF LAXMI CO-OP. PROCESSING LTD., ICHALKARANJI.

Laxmi Co-op. Process house was registered in the month of August 1957. Under the Bombay Co-op.

Societies act 1925 and it had gone into production in the month of November, 1958. For formation of this institution the membership of the society shall consist of all powerloom weavers co-op. societies working in area of operation, all weavers on small scale sympathisers and other co-op. societies. Total authorised share capital of the process house as on 30th June, 1984 stood at Rs. 30,00,000/- divided in 6000 shares of Rs. 500/- each. Total share contribution collected from members Rs. 5,38,500/- and Rs. 5,84,850/- was secured as matching share contribution from state government.

There are 50,000 powerlooms working at the center and total monthly production on these powerlooms is 20,00,000 metres per day. There are 70,000 workers engaged in powerloom industry, out of which nearabout 2900 are engaged in processing units. There are four other power processing units in Ichalkaranji. Out of which one is working in the co-operative sector, another is private ltd. Company and remaining one is a private concern. There are also five hand processing units which are exempted from the excise duty and other legal obligations and taxation.

Laxmi Co-op. Processors Ltd. undertake Bleaching, Mercerising, Calendering and other preparatory and auxiliary process in respect of yarn and cloth; and on particular yarn used to powerloom and handloom cloth. This process house undertake processing on 75,000 meters cloth in a day.

MAJOR OBJECTIVES OF THE PROCESSORS :

The Major objectives of this processing units are as under :

- 1) To promote and develop handloom and powerloom industry.
- 2) To carry on the business of processing such as Bleaching, Mercerising, Calendering, dyeing, Printing, Finishing etc. and other preparatory and auxiliary processes in respect of yarn and cloth of share holders.
- 3) To undertake all the activities incidental to the above objects.

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MEMBERSHIP AS ON 30-6-1984

'A' Class members	396
'B' class members	3
'C' class members	338
'D' class members	1

Total ..	738
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SHARE CAPITAL :

1) Members contribution	5,38,500/-
2) Matching contribution from Maharashtra Government	5,84,750/-

	11,23,250/-
	=====

EARNINGS IN THE YEAR 1983-84 THROUGH FOLLOWING

<u>ACTIVITIES :</u>	1983(Rs)	1984(Rs)
1) Bleaching	36,99,653	59,85,555
2) Mercerising	31,82,705	17,20,380
3) Folding & stamping	2,52,084	2,99,428
4) Dyeing	3,383	--

RESERVE AND OTHER FUNDS :

1) Reserve fund	65,542.54
2) Building fund	5,519.23
3) Development Rebate Reserve fund	1,59,694.20

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4) Divident Equilisation Fund	4,458.00
5) Capital Redemption Fund	1,00,000.00
6) Debt Redemption Fund	4,573.24
7) Investment Allowance Reserve	3,421.00
8) Other Reserves	84,458.00

FINANCIAL ARRANGEMENTS :

For working capital, financial agency of the process house, Kolhapur District Central Co-operative Bank Ltd. have sanctioned the following loans which stands as on 30th June, 1985 as under :

1) Grey Hypothecation	4,00,000
2) Clean Cash Credit	2,00,000

LABOUR :

1) Employees	182
2) Office staff	49
3) Supervisory staff	21

	252
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Apart from decent salary, the workers have been provided a bonus as per the provisions in the Bonus Act. The Dearness Allowance had been given at 100 percent of Solapur index, taking into consideration demand made by

Rashtriya Processing Kamgar Sanghatana.

For satisfying temporary needs of the workers, The Laxmi Co-op. Processors Ltd. Employees Credit Society has been established, which advances loans to meet the casual needs of the workers.

As man power is the most important factor of production, the recommending authority, scrutinising authority, examining authority and final authority is appointed to select best for a job. It seems that the majority of the labour have been taken within the range of 4 k.m. from factory site.

The industrial dispute in the process house are settled amicably. There is one Union namely "Rashtriya Process Kamgar Union". This union is representative and registered union working under INTUC. All the problems are solved amicably through negotiations and mutual understanding. Management and union relations are quite co-ordial at present. Union have got their seperate office near The Yeshwant Co-op. Processors Ltd., Ichalkaranji.

SALIENT FEATURES OF THE LAXMI CO-OP. PROCESSORS LTD.:

1) CO-OPERATIVE FORMATION :

This process house has been formed with the principles of co-operation to help small weavers in the Kolhapur district. In the year 1957 there were 58 members who purchase 175 shares and contributed Rs. 85700/- Before the formation of this process house the dealers use to buy unprocessed cloth for sale. Ichalkaranji produced coarsed cloth only and they sent coarse cloth to Bombay for further processing. Therefore the need for processing was quite natural in Ichalkaranji. So this processing house was been formed on the principles of co-operation.

2) This processing house have effectively helped small weavers to get rid off the clutches of the master weavers. This has been achieved by expeditious processing service and internal financial accomodation arranged through local bankers. To be more clear the process may add that as soon as a member delivers his grey cloth for processing, he is disbursed with loan to the extent of 50% of the cost of goods. This arrangement has helped the weavers to continue their production which in turn has helped them also to have secured business.

3) TECHNICAL KNOW-HOW :

Laxmi Co-Op. Processors Ltd. obtained technical know-how from Bombay. Mr. B.G.Joshirao was the first Bleaching Manager and S.Y.Choudhari was the assistant Bleaching Master, Mercerising machine started its operation from 30-6-1961 and in the same year an expert Mr. Dixit from Bombay visited the Process House and gave an expert advice regarding processing.

4) PRODUCTION OF THE PROCESS HOUSE :

Many of the fabrics are woven from unbleached yarns and in this form they are called as gray clothes. A small portion of grey cloth is sold as such but greater portion of grey cloth is converted into fabrics having special characteristics. By processing fabrics are made better. Poor fabrics are improved and variety is obtained. The more important processing activity in Laxmi Co-op. Processors are bleaching, mercerising and calendering.

a) Bleaching¹ :

This is done by the action of chemicals which may change the colouring matter of the fibres to a colourless compound or render it soluble. If the chemical

action of bleaching is that of oxidation, the material will remain a permanent, but, if the action is of reduction, expose to light and air will tend to oxidize material back to its natural colour. Bleaching power $\text{CaCl}(\text{od}) 4\text{H}_2^0$, an oxidizing agent is commonly used in bleaching cotton.

b) Mercerising² :

Mercerising is a treatment given to a cotton to increase the luster and strength and make it more reactive for dyeing. The cotton fiber is cylindrical as it grows, but when the ball opens and the plant juices dry up the fiber flattens and becomes twisted. Mercerisation consist of immersing the fiber in caustic soda solution, which causes the fiber to small, thus becomãng cylindrical and straight.

c) Calendering³ :

Calendering, which corresponds to ironing, gives the final smoothness to the cloth. All calender consists of from three to eleven heavy rollers. In practice these rollers are alternately a soft and a hard surface roller. Pressure may be maintained by

means of weights on a lever arm or by hydraulic pressure. The diameter of the calender rolls is never less than eight inches and may be as much as 12 or 15 inches.

PRODUCTION IN KILOGRAMS

S.No.	Year	Production (Kg.)
1.	1979-80	2,71,757
2.	1980-81x	4,64,847
3.	1981-82	7,92,800
4.	1982-83	9,29,520
5.	1983-84	10,52,725

v) Water Pollution Scheme :

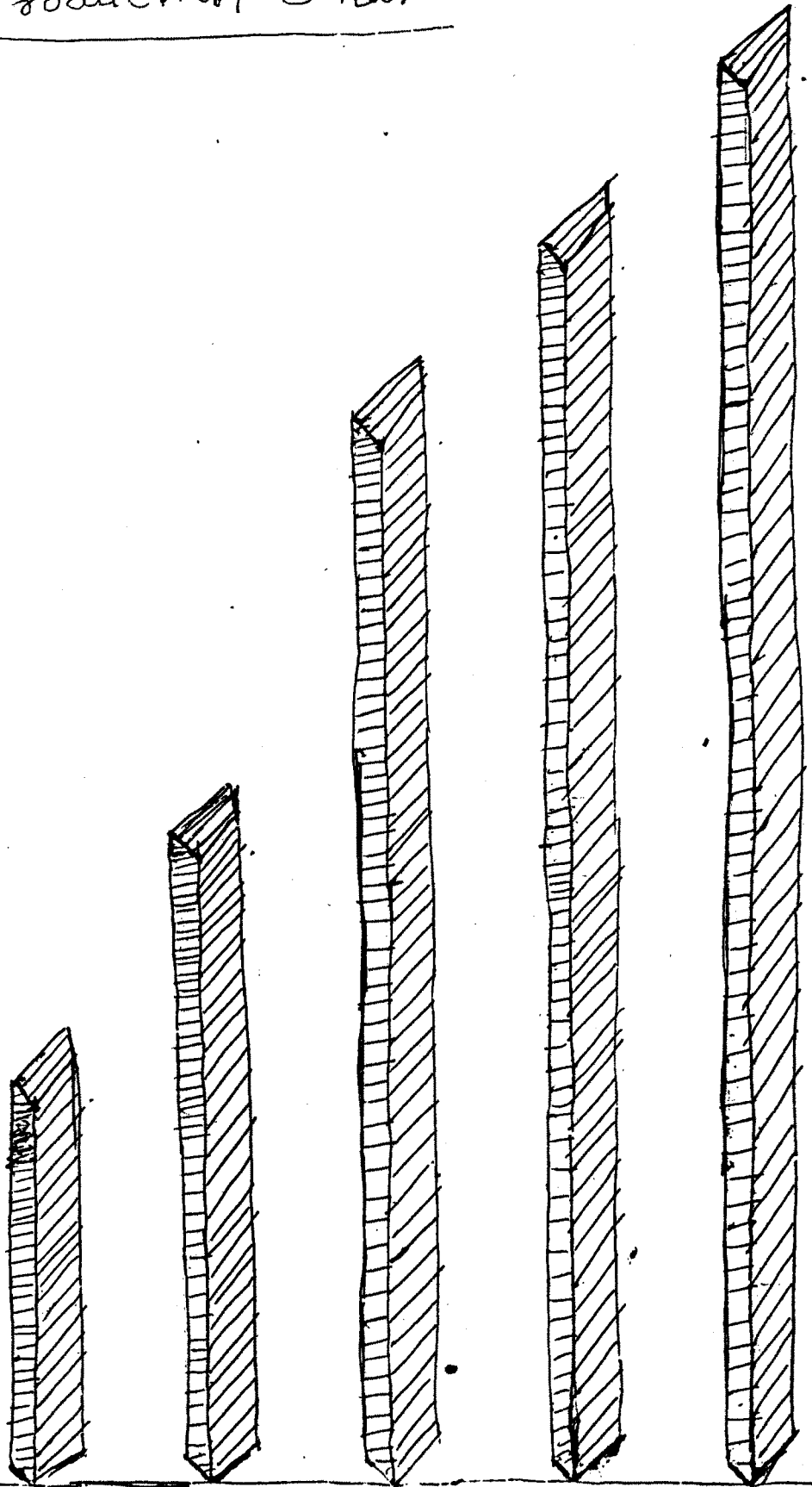
Under the provision of Maharashtra Prevention of Water Pollution Act, 1969, the process house had formulated the scheme to discharge the effluent from factory.

vi) Diesel Generating Set :

During the last several years about 50% of power cut was imposed in Maharashtra state by

Production chart

1200000
1150000
1100000
1050000
1000000
950000
900000
850000
800000
750000
700000
650000
600000
550000
500000
450000
400000
350000
300000
250000
200000
150000
100000
50000



80

81 years

82

83

84

Maharashtra State Electricity Board. Naturally it had its adverse effect on societies efficiency and production. To overcome this difficulty the society has installed a Diesel Generating set.

vii) Hand Processing Unit :

Due to uneconomic and heavy taxation policy of the Government the business of the process has suffered to a great extent. The processing have decided to accept the situation as it is; and to face the same with certain planning of diversification of present activities.

The Laxmi Process House establish Laxmi Vishnu hand processors in its premises as a sister concern.

ORGANISATION CHART OF THE LAXMI CO-OPERATIVE PROCESSORS

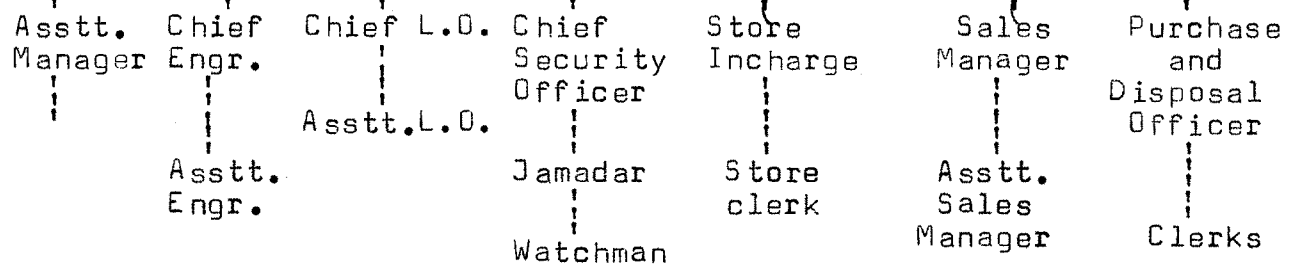
LTD., ICHALKARANJI.

BOARDS OF DIRECTORS

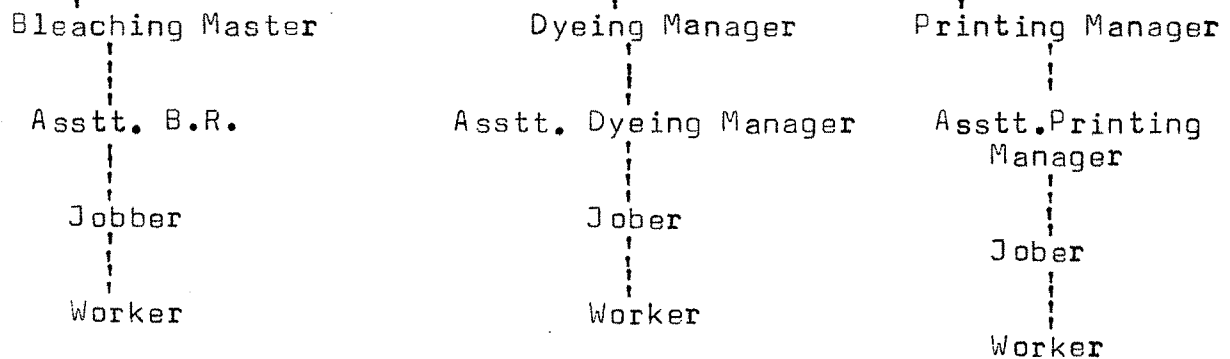
WORKING DIRECTORS

GENERAL MANAGER

FACTORY MANAGER



PRODUCTION MANAGER



Organisation structure :

The picture of organisational structure of Laxmi Co-operative processors Ltd. reflects the clear picture of organisational structure of a company and most suitable for the working procedure of the process. As the chart shows one can see clearly that the powers of management are vested in the hands of Boards of Directors elected by the share holders of the process after every three years.

The plans formulated by the Board has to be executed by working directors who are also part and partial of the Board. To execute the plans in read sense a General Manager has been appointed by the Board and who works as the top executive of the process. The work of the process has been divided into General Administration and Factory Administration. A General Manager is responsible to carry out the functions of General Administration, whereas the Factory Manager is responsible for actual working at the factory.

In order to help the General Manager and Factory Manager the organisation of the process has also

been divided into various departments. The Assistant Manager, the Chief Security Officer, The store Incharge, the Sales Manager, are such important departments which are mainly responsible to carryout the orders and instructions given by the General Manager and Factory Manager.

An important characteristics of organisation of this process is that a seperate production Manager has been appointed to look after the production of the process. Ultimately this manager is directly responsible regarding production and to the General Manager. He has instructed the various functions of process, such as bleaching, mercersing, calendering, dyeing, and printing. To help the production manager several technical officers are appointed such as Bleaching Master, Dyeing Manager, Printing Manager.

The functions of the organisation has three tiers. At the top there is Board of Directors, at the middle there are various technical officers and at the lower level there are foreman, jobber and lastly workers. The jobbers are semi-skilled persons and comes from the nearby area or from the workers.

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One can very well see from the chart attached herewith that the organisational structure of the process is based upon the line and staff structure. It means that the technical advice is given by the staff, whereas line authority is responsible for framing the plans.

PRESENT POSITION OF THE PROCESS HOUSE :

Laxmi Co-Op. Processors Ltd., Ichalkaranji is fully equipped with latest machines viz. bleaching machine, washing machine, drying machine, statering machine. English cloth mercerising machine, bailling prese etc. All these machines are operated by highly qualified and trained personnel.

Right from its inception the process house has been moving ahead in a planned manner. As far as the processing programme is concerned the process house constructed water reservoir, because in the summer season there is scarcity of water from municipality. This water reservoair stores the water. This is one of the latest development of the process.

REVIEW OF THE BONUS POSITION IN LAXMI CO-OPERATIVE PROCESSORS LTD., ICHALKARANJI FROM 1979 to 1984 :

According to payment of Bonus Act every company employing 20 labourers and above, has statutory obligated to pay the bonus, irrespective of loss or profit. The statutory minimum bonus is 8.33% p.a.

1979-80 : In the year 1980 Process House was accumulated loss of Rs. 3 lakh. Though company extended Rs. 45204/- for bonus which was at the rate of Rs. 8.33% p.a.

1980-81 : In the year 1980-81 Process House was in profit of Rs. 32800/- and Process house expended Rs. 95133/- for bonus to the employees, which was at the rate of Rs. 8.33% p.a.

1981-82 : During this year the process was in a profit at Rs. 619000/- and it was obligated to pay the bonus according to payment of bonus act at the rate of Rs. 8.33% p.a. and the company expended Rs. 172000/- as bonus.

1982-83 : During the year 1982-83 process house was in loss of Rs. 243175/- process house negotiated with Rashtriya Processing Kamgar Union, and willingly pay the bonus at the rate of 8.33% p.a. and also Sanugrah Grant at the rate of 14.18. Totally it comes to 22.58% of the salary/wages.

1983-84 : During this year process house was in a profit of Rs. 131000/- expended Rs. 70731/- as the

last years bonus and 230000/- as the current years bonus which was at the rate of 8.33% and 9.17% as the Sanugrah grant.

ALLOWANCES AND FACILITIES PROVIDED BY THE LAXMI CO-OP. PROCESSORS LTD.:

DEARNESS ALLOWANCES :

Dearness allowance is paid to the worker to compensate the higher cost of living. Dearness allowance can be paid on the percentage of basic wage or flat rate. Dearness allowance depends upon the agreement between the Union and Employer. The Laxmi Co-op. Processors, dearness allowance is given at the cent percent rate of Solapur Index and it is calculated with the help of given formula. At present it is near about 550 Rs. p.m. per head.

EMPLOYEES STATE INSURANCE FUND :

Laxmi Co-op. Processors is under the Employment State Insurance Scheme. Therefore the process unit contribute to employee state insurance fund. The fund

is made up with the contribution of both employer and employee. Workers contribute $2\frac{1}{4}\%$ of their basic salary and Employer contribute 5% of basic salary of the each employee. This fund is utilised for meeting accident help or sickness etc. An accident was happened in the process house in the year 1983-84 and a finger of the employee became useless. The company gave him Rs. 2500/- in lum sum as the compensation.

PROVIDENT FUND AND FAMILY PENSION :

Provident fund is created with the contribution of both employer and employees. Employer and employee contribute 8% including $1\frac{1}{6}\%$ as the family pension of basic wages of each employees.

LEAVE PAY :

Employees are entitle for various kinds of leave such as casual leave, sickness leave, previledge leave, accident leave etc.

OVERTIME :

For any extra hours worked beyond normal working

hours the employee is entitled for a compensation at the rate of higher than his basic hourly rate. It is usually at the double rate. (Double of the basic hourly rate and Dearness allowance).

WELFARE FUND :

To create fund Laxmi Co-Op. Processors Ltd. collect 75 paise per head from the workers in every year in the month of December. And Employer himself contribute Rs. 2.25 per head as welfare fund. •

WELFARE FACILITIES :

1) In Laxmi Co-op. Processors Ltd. canteen facility is provided to the workers. This canteen is managed by the company itself. Canteen provides tea, coffee, tiffin to the workers.

2) Free clothes :

Every year company supplies the cloth to the office boys, watch and ward workers etc.

3) Entertainment :

Every year company arranges employees tour to

different places, company arranges slide shows, Ganapati festival, blood donation camp etc.

4) Medical facilities :

Company do not provide any medical allowance to the workers.

5) Cycle Allowance :

The Permanent employees in the processhouse are given per month Rs. 5/- as the cycle allowance.

INTERNAL WAGE STRUCTURE IN LAXMI CO-OP. PROCESSORS LTD.

The principle of fairness and equity is important factor in internal wage structure of any company. In Laxmi Process Ltd,; wage and salary are paid on the basis of fixed scale. These scales are fixed on the basis of job evaluation. Wage and salary received to the employees are commensurate with the responsibility of the employee and capability of the employee in the company. Laxmi Co-op. Processors Ltd, fixed their scales in the year 1963 to maintain stability in the workers in the same year process started giving allowances to the supervisory staff.

SCALES AND GRADES AS PER AGREEMENT

S.No.	Designation	Scales gradation	D.A.
1.	Manager & Bleaching Master	550-40-910-60-1210	548
2.	Electric mechanical Engineer	-do-	"
3.	Boiler Engineer	150-8-222-10-272	"
4.	Bleaching supervisor	240-15-375-20-475	"
5.	Office supervisor	325-20-505-25-630	"
6.	Accountant	350-25-575-40-775	"
7.	Store keeper	300-20-480-25-605	"
8.	Senior clerk	300-20-480-25-605	"
9.	Clerk	200-10-290-15-365	"
10.	-do-	150-8-222-10-272	"
11.	-do-	40-3-70-5-105	"
12.	Peon	60-5-105-6-135	"
13.	Watchman	"	"
14.	Grey checker	"	"
15.	Grey mazdoor	"	"
16.	Machineman	"	"
17.	Boiler fitting grider	"	"
18.	Folder	"	"
19.	Packer	"	"
20.	Wireman	"	"
21.	Other workers	"	"
22.	Boiler Attendent	150-8-222-10-272	"