

CHAPTER - 4

MANAGEMENT PRACTICES AT THE SANGOLE GIRNI

- Management Structure

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Performances of Sangole Girni over a period of time since its beginning can be seen from the following facts and figures.

1. Sangole Girni has been earning net profit and showing cash gain since its commissioning upto 1993-94. In 1994-95 only the Girni incurred loss.
2. Capacity utilisation for the year 1988-89 was 81.1% which showed an increasing trend upto and inclusive of the year 1993-94. In 1993-94, Girni has the highest capacity utilisation at 94%. It came down to 89.3% for the year 1994-95. But it was marginally higher than that in 1988-89.
3. From the very beginning, Sangole Girni has taken steps to see that the yarn produced by it meets national as well as international quality standards.
4. A close study of the yarn market for the purpose of fixing yarn prices on day to day basis to enable the Girni to get good price for its yarn.
5. The expansion undertaken by the Girni in 1989 and the one planned in 1995-96 are examples of the management's attitude towards growth. It is exploiting opportunities to grow.

6. Sangole Girni has taken advantage of and NCDC Cotton Development Scheme and increased the cotton-growing area from 600 acres in 1986-87 to 15,000 in 1993-94.
7. Sangole Girni has always paid higher price for the cotton purchased from its members than the then ruling market price. For example, in 1993 it paid Rs.1400/- per quintal of cotton when the market price was only Rs.1070/- per quintal.
8. It received awards from the State as well as the National Federation for
 - i) Best Working Performance (7 years)
 - ii) Outstanding Performances in productivity (3 years)
 - iii) Cash Gain (3 years)
 - iv) Net Profit (2 years)
 - v) Labour Productivity (3 years)
 - vi) Mill of the Year (2 years)
 - vii) Best Mill for the year (1 year)
 - viii) Second Best Technical Performance (1 year)

This the Girni has achieved in its working life of 9 years upto 1994-95.

Sangole Girni's performance can, thus, be said to be very satisfactory except for the year 1994-95. A standard followed in textile industry is productivity measured in 40 count-converted yarn of 88.81 grams per spindle per shift. In case of

Sangole Girni, the yearwise productivity achievement, against this standard has been as follows :

Year	Productivity (40 count-converted grams per spindle per shift)
1989-90	87.00
1990-91	87.53
1991-92	87.76
1992-93	87.36
1993-94	91.06
1994-95	88.30

The Girni has been near this standard during 1989-90 through 1992-93 and also in 1994-95. It has exceeded the standard in 1993-94.

Management Structure :

As explained in Chapter No.3 the Girni's management structure is designed on conventional line. Managing Director is the Chief executive officer under whom there is a manager a project manager, a spinning master and a mill engineer. In addition to the above, Cotton Development Officer, Labour and Welfare Officer, Personnel Officer, Security Officer and Safety Officer work directly under the Managing Director. Moreover, there are

marketing and sales personnel and purchase agents working at various locations for Sangole Girni and the report directly to the Managing Director.

Board and Committees :

The Board of Director have all the responsibilities of operations. Managing Director is an Ex-Officio member of the Board and, as seen earlier, the Chief Executive Officer. The Board have formed the following sub-committees :

Executive Committee

Cotton Purchase and Yarn Sales Committee

Store Purchase Committee

Employees' Grievance Settlement Committee.

The Board has adopted a professional approach in managing the Girni. It is reflected in the appointment of marketing and sales personnel and purchase officers at various places in India. The Board and other committees go by what these professionals have to say about sale of yarn or purchase of cotton.

The Researcher has identified the following functional areas that are critical to the functioning of a ginning mill.

1. Purchase of Cotton
2. Production

3. Marketing
4. Personnel
5. Finance.

Discussion on management of each of the above five area as done at the Sangole Girni, follows :

1. Managing Purchase of Cotton :

The Sangole Girni has taken due precautions to plan its purchases for every season well in advance. As pointed out earlier, the Girni has appointed professionals as purchase agents at various cotton producing centres. These agents are paid commission on cotton purchases made by them. The Girni has adopted a method to curtail purchase cost without impairing quality of the cotton purchased. It purchases cotton of various grades at cheaper price and mixes them in such a proportion as to produce quality goods. For example, mixing NHH and NRA varieties of cotton gives the Girni a good quality yarn.

2. Production Management :

In case of production, the Girni pays attention to the following points :

- a) Utilisation of Capacity
- b) Maintenance of quality of goods produced
- c) Uninterrupted flow of production.

In the year 1985-86, the Girni's operating spindles were was 66.60% of the total spindles. The reasons for spindles being not operated were as under :

i) Cleaning	1.15%
ii) Repairs	2.10%
iii) Changing Count	0.10%
iv) Lack of Electricity	2.37%
v) Public Holidays	1.37%
vi) Shortage of Labour	16.62%
vii) Other Reasons	9.69%
Total	33.40%

It must be noted that a single largest factor responsible for such a phenomenon is shortage of labour.

3. Marketing Management :

The Girni has appointed, as mentioned earlier, sales personnel at various places. It has paid due attention to its products, product price is always competitive and it has developed its own clientele. It has maintained the product quality right from its inception. Apart from this, the Girni has done the following in the respect.

- i) Sale of a variety of products at various places simultaneously.
- ii) Market Oriented production plan is adopted.
- iii) The Girni has its own sales depots at various places. It receives daily reports from these depots.

4. Personnel Management :

Importance of personnel management can be explained by taking the most important single factor i.e., shortage of labour responsible for 16.62% of the non-operating spindles in 1985-86. Fortunately, the management of the Girni has been aware of this important factor. It has been paying due attention to the following :

- i) Training of Workers.
- ii) Workers' needs are tried to be satisfied at reasonable price, e.g., through subsidised canteen, consumers' stores etc.
- iii) Provision of quarters to the workers.
- iv) Loan facility provided to purchase cycles : establishment of credit society.
- v) Adopting incentive schemes for regular attendance, productivity etc.

5. Financial Management :

In case of finance, the Girni has adopted certain discipline in respect of its expenses, raising of funds and repayment of funds. It has been repaying the loan instalments of Maharashtra Government and NCDC regularly.

The Girni implemented in 1994-95 the first phase of 12,480 spindles expansion and back process machinery involving a financial investment of Rs.2640 lakhs. The Sangole Girni planned this expansion in advance, obtained necessary funds from a) The State Government (b) NCDC and (c) MSC Bank and implemented the expansion plan in time. Even when it could not get from SICOM, the necessary incentive in time, it went ahead to implement the expansion plan by investing its own funds for the time being.

The management practices at Sangole Girni have shown results right from its inception upto the end of March, 1995, the details of which have already been provided in Chapter No.3.