CHAPTER-V

PROFILE OF SELECTED TEXTILE UNITS OF GUJARAT

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- LAST TEN YEARS FINANCIAL INFORMATION OF FIVE COMPANIES.
COMMON PRODUCTION DEPARTMENTS IN TEXTILE MILLS:

Anything is to be done on the basis of systematic way is called process and production and process of any goods is to be produced in some specific sequence is called “Production Process”.

Generally the Textile Unit consists of spinning and weaving, Beaching, Dyeing, Printing, and Cloth departments. The Production process of Fabric is given as under:

[1] SPINNING DEPARTMENT

(A) BLOW ROOM

When the raw material i.e. cotton is received by the company it is sent to the blow-room. The cotton received in a hard pressed bale and it carries several impurities. In the blow room the different machineries perform the function of opening the hard pressed bales of cotton and clearing the cotton of the impurities another function of blow room is ‘mixing’ two or more different verities of cotton generally mixed thoroughly to get a proper blend. The loose cotton passed through the blow-room machinery is converted in to regular sheet called lap. The laps are delivered to next department.

(B) CARDING

The cotton laps received from blow-room are processed on carding engines for the purpose of effective individualization of fibers, extracting sand, leaf etc. left in the cotton and converted the laps in the form of thin web called slivers. The slivers are stored in cans.

(C) DRAW FRAMES AND SPEED FRAMES

The carded slivers are processed on a drawing frame. They are made uniform in thickness by doubling the process. Now these slivers are to be thinned out to the level required for the yarn to be spun. This process of
attenuating the slivers is done in several steps on speed frame. Then the slivers converted into roving. The roving is wound on suitable bobbins.

(D) RING FRAME

The roving received from the speed frame department, the first process on the Ring frame is drafting other operations, which are done in the ring frame, are twisting and winding.

(E) COMBING

Combing process carries of the function of removing short fibers. The combing is done often carding. The carded slivers are converted into small laps in lap forming machines and these laps are fed to the combing machine.

[2] WEAVING DEPARTMENT

In the weaving process 2 steps of yarn are required
(i) lengthwise yarn that forms the basic structure of fabric called warp, and
(ii) the cross wise yarn called 'weft' of filling.

The warp yarn is processed through winding warping. Sizing and drawing in departments before it reaches to weaving cloths it is intercede with weft yearn. The weft yearns which is received from the spinning department.

(i) In the winding section by combing the length forms a number of spinning bobbins, large packages are forrned called cones or cheeses.

(ii) As a result of the warping process warpers beams are prepared which are subsequently passed on sizing department.

(iii) Sizing process consists of coating the warp yarn with a smooth touch fabricated film grade or starch and softness

(A) LOOM SHED

It is the final stage of weaving process. The warp yarn received in the form of weavers bear as and the soft yarn received in the form of weft pins are interfaced by the weaving process. In shedding process the shuttle carrying a supply of weft yarn in form of a cop or on a bobbin is passed to leave a "pick"
of weft between the 2 layers of warp threads. Then by beating up process the
weft laid across the warp sheet is pushed to the fell of the cloth.

[3] BLEACHING DEPARTMENT

The main steps of bleaching process are 1) Stitching: in which the cloth
takes are stitched from a long continuous rope. After stitching the cloth is
passed through the brushing and shearing machine to remove loose ends and
shuttle ends. Thereafter the cloth is sighed in order to destroy loose ends and
protruding hairs of yarn. The next process is desizing to remove the starch
glue, etc, the souring process is carried out on an ordinary washing machine.

[4] DYEING DEPARTMENT

The dyeing process involves four main steps viz. impregnation with
colour, development/fixation of colour, after treatment and dyeing.

[5] PRINTING

In the printing department first the painters prepare the designs
according to the choice of the wholesalers. In the printing process when the
design is prepared mainly. It is directly printed by the big roll. Then the cloth
is ready for use.

[6] FOLDING AND GODOWN

The finished fabrics are sent to the cloth department. In the folding
department first of all the finished cloths passes through the inspection
machines and after that fabric are packed according to the order of customers.
It may be packed according to fixed quantity. After that the grading is also
done. After grading fabrics are technology tagging, screening, stamping and
packing are done.

[A] GRADING

The processed fabric is checked for spinning, weaving and processing faults. It
is then graded depending on these faults it is scrutinized as fresh, shart,
length fents, rages, chindies and wastage. One type is also that is off-cut is generally length of around 2.30 to 0.40 mtrs. Is called rages and bow that is called chindies. All this cuts are sold at 20 percent to 27 percent less than the actual price. The rages of chindies are sold at 40 percent to 50 percent less than the original price.

[B] FOLDING
The fresh fabric is of 6 to 10 mtrs. The fabrics are folded on paper tubes for the export materials and plastic tubes for the local materials. It is folded and sends for the tagging.

[C] TAGGING
Here the clothes are tagged with the quantity numbers like grade and the length in mtrs. Then the different names like “Mafatlal suiting”, “Classic Suiting”, Mafatlal Fabrics” are given.

[D] CHALLAN AND DELIVERY TO GODOWN
A challan is needed by the excise department detailing total mtrs. of the fabrics graded. Only then complete goods can be sent to the godown for stocking and the final dispatch to the party.

[E] SAMPLING CARDS:
Samples cards are prepared from fresh fabrics when they come to the grading table. The cards are sent to the mill's sales department to the given to the sales force of the company. Thus after the goods have been packed and the challan prepared, they are sent to the godown for stocking.

GODOWN
Generally mills have big godowns for stocking its finished products i.e. fabrics that have been given the final finish and packed for dispatch. A godown incharge is responsible for all activities in the godown.
INVOICE DEPARTMENT

As per party order the sales department writes the delivery order pack the goods and send the packing slip with one copy of D.O. to the invoice department. Invoice department file up the detail in packing slip as per D.O. like dealer number, rate of special any etc. then packing slip are send to the computer department on other side godown write the leading list to computer department on the same day. Computer prints the bills in 6 copies 1 copy for record, 1 copy to sales department, 1 copy to the transport department, 1 copy to excise department, 1 copy for the dealer.

The Excise department pass the bill and it on conciliation inform to computer department,

Which will be cancellable from loading list in this way computer print the actual dispatch list and sent the copy to invoice department check the bills as per D.O. tally the bills with dispatch list and separate in 2 parts viz. goods dispatch and not dispatched computer print the dispatch in 4 copies, 1st is to dispatch department, 2nd for the excise department, 3rd for the godown and last for the transporters copy. From the other side which goods dispatched the L.R. from the godown L.R. showing the case no. as well as in the bill. After tally the case no. attaches the bill with L.R. L.R. are in four copies 1st consignee copy, 2nd consigner copy and godown incharge send 2 copies to invoice department.

There are three terms of payment

(1) D.A.
(2) D.P
(3) Direct Payment

After attaching the L.R with bill invoice department the discounting data recording to bank and send it to computer department. Invoice department send the documents to the bank as under.

(1) A consignee copy of L.R.
(2) A copy of bill
(3) Hundi or D.P. form
A copy bill is separately sent to the party for their information and a third copy of the bill which consigner copy and L.R. slip is kept for record purpose for office discounting return in bank wise.

From discounting data computer department print discounting lot showing full details of document. After attending the hundi of D.P. form with document and telling it with discounting list invoice department send the document in bank wise.

Goods with is dispatched the bills submitted if bank for discounting purpose but more over if some bills is still laying with invoice department for goods not dispatched. In this case invoice department contact with godown incharge and sales manager solve the problem in months and invoice department prepared a list of pending bill in 2 parts.

1) Bills prepared but goods not dispatched during the month.
2) Goods dispatched but L.R. not written if any. Invoice computer department sends invoice to departments of sales, excise, and godown.

The bill registered with following information's.

1. Bill No.
2. Bill Date
3. Case No.
4. Dealer No.
5. Party Name
6. Destination
7. Rage
8. Excise
9. Trade No.
10. Bill Value
11. Excise duty

HUMAN RESOURCES FUNCTIONS IN THE MILLS

PERFORMANCE APPRAISAL

Performance appraisal is important to manpower development because it reveals strengths and weakness of an employee and a development plan can
be prepared for each employee. The appraised employee can qualify himself for higher responsibilities more rewarding assignment and probation.

In the MIL performance appraisal is done by the personnel department. In which full records of employee is maintained. The records contain up to date information about the employees. His behaviour in the factory, accuracy, attendance, his compassions etc. also recorded. One in the Mill, H.O.D is passed with a format consist of certain traits to be evaluated. Five grades are mentioned to evaluate certain traits, that are excellent, very good, good, satisfactory and poor.

**TRAINING AND DEVELOPMENT IN TEXTILE COMPANIES**

Management Development is any attempt to improve managerial performance by imparting knowledge, changing attitudes, or increasing skills. It thus includes in-house programs like courses, coaching, and rotational assignments; professional programmes like American Management Association Seminars; and university programs like executive MBA programs. It is estimated that well over 1 million U.S. managers participate in management development programs yearly for a cost to industry of several billion dollars a year.

The ultimate aim of such development programs is, of course, to enhance the future performance of the organization itself. For this reason, the general management development process consists of 1) assessing the company's needs (for instance, to fill future executive openings, or to make the firm more responsive.) 2) appraising the managers' performance, and then 3) developing the managers themselves.

Management development is important for several reasons for one thing, promotion from within is a major source of management talent. One survey of 84 employers' reports that about 90% of supervisors, 73% of middle-level managers, and 51% of executes were promoted from within; virtually all these managers, in turn, required some development to prepare them for their new jobs. Similarly, management development facilitates organizational continuity by preparing employees and current managers to smoothly assume higher-level positions. It also helps to socialize management trainees by
developing in them the right values and attitudes for working in the firm. And, it can foster organizational responsiveness by developing the skills that managers need to respond faster to change.

MANAGEMENT DEVELOPMENT

Some management development programs are company wide and involve all or most new management recruits. Thus, new college graduates may join textile Industry. And become part of the companywide management development programme. They may be rotated through a pre-programmed series of departmental assignments and educational experiences; the aims are identifying their management potential, and at providing the breadth of experience (in, say, production and finance) that will make the new managers more valuable in their first "real" assignment as group product leaders. Then, superior candidates may be slotted into a "fast track," a development program that prepares them more quickly to assume senior-level commands.

On the other hand, the management development program may be aimed at filling a specific position, such as CEO, perhaps with one of two potential candidates. When it is an executive position to be filled, the process is usually called succession planning. Succession planning refers to the process through which senior-level openings are planned for and eventually filled. Such a succession program typically takes place in stages. First, in an organisation projection is made; here you anticipate your department's management needs based on factors like planned expansion or contraction.

Next the HR department reviews its management skills inventory to identify the management talent now employed. These inventories, you may recall, contain data on things like educational and work experience, career preferences, and performance appraisals. Next management replacement charts are drawn. These summarize potential candidates for each of your management slots, as well as each person's development needs.

On the job training is one of the most popular development methods. Important techniques include job rotation, the coaching approach, junior boards, and action learning.
JOB ROTATION

It means moving management trainees from department to department to broaden their understanding of all parts of the business. The trainee often a recent college graduates. For instance they may spend several months in each department; this helps not only broaden his or her experience, but also discover the jobs he or she prefers. The person may just be an observer in each department but more commonly gets fully involved in its operations. The trainee thus learns the department’s business by actually doing it, whether it involves sales, production, finance, or some other function.

Job rotation has several other advantages. In addition to providing a well rounded training experience for each person, it helps avoid stagnation through the constant introduction of new points of view in each department. It also tests the trainee and helps identify the person’s strong and weak points. Periodic job changing can also improve interdepartmental cooperation; managers become more understanding of each other's problems, while rotation also widens the trainee’s acquaintances among management.

Rotation does have disadvantages. It encourages generalization and tends to be more appropriate for developing general line managers than functional staff experts. You also have to be careful not to forget inadvertently a trainee at some deserted outpost.

COACHING APPROACH

In the coaching approach, the trainee works directly with the person he or she is to replace; the latter is in turn responsible for the trainee’s coaching. Normally, the understudy relieves the executive of certain responsibilities, thereby giving the trainee a chance to learn the job. This helps ensure that the employer will have trained managers to assume key positions when such positions are vacated due to retirement, promotions, transfers, or terminations. It also helps guarantee the long run development of company bred top managers.

To be effective, the executive has to be a good coach and mentor. Further more, this person’s motivation to train the replacement will depend
on the quality of the relationship between them. Some executives are also better at delegating responsibility, providing reinforcement, and communicating than are others; this also will affect the results. Unlike job rotation, which aims to familiarize the trainees with the problems of each department, junior boards aim to give promising middle managers experience in analyzing overall company problems. The idea of a junior board (multiple management) is to give trainees top-level analysis and policymaking experience by having 10-12 trainees sit on a junior board of directors. The members of such boards come from various departments. They make recommendations regarding top-level issues like organization structure, executive compensation, and interdepartmental conflict to the official board of directors. This technique provides middle-management trainees with on-the-job training and experience in dealing with organisation wide problems.

CASE STUDY METHOD

The case study method presents a trainee with a written description of an organisational problem. The person then analyzes the case in private, diagnoses the problem and presents his or her findings and solutions in a discussion with other trainees. The case method approach is aimed at giving trainees realistic experience in identifying and analyzing complex problems in an environment in which their progress can be subtly guided by a trained discussion leader. Through the class discussion of the case, trainees learn that there are usually many ways to approach and solve complex organisational problems. Trainees learn that their solutions are often influenced by their own needs and values.

MANAGEMENT GAMES:

In a computerized management game, trainees are divided into five or six person companies, each of which has to compete with the other in a simulated marketplace. Each company sets a goal and is told it can make several decisions. For example, the group may be allowed to decide (1) how much to spend on advertising, (2) how much to produce, (3) how much inventory to maintain, and (4) how many of which product to produce. Usually
the game itself compresses a two-or three-year period into days, weeks, or months. As in the real world, each company usually can’t see what decisions the other firms have made, although these decisions do affect their own sales. For example, if a competitor decides to increase its advertising expenditures, that firm may end up increasing its sales at the expense of yours.

Management games can be good development tools. People learn best by getting involved in the activity itself, and the games can be useful for gaining such involvement. Games are almost always interesting and exciting for the trainees because of their realism and competitiveness. They help trainees develop their problem-solving skills, as well as focus their attention on the need for planning rather than on just putting out fires. The textile companies usually elect their own officers and develop their own divisions of work; the games can thus be useful for developing leadership skills and for fostering cooperation and teamwork.

OUTSIDE SEMINARS

Many organisations offer special seminars and conferences aimed at providing skill-building training for managers. The American Management Associations (AMA), Ahmedabad Management Association and Indian Management Association (AIM) for instance, provide thousands of courses in area such as the following;
- General management
- Human resources
- Sales and marketing
- International management
- Finance
- Information systems and technology.
- Manufacturing and operation management.

The courses themselves range from “how to sharpen your business writing skills” to “strategic planning”.

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ROLE PLAYING

The aim of role playing is to create a realistic situation and then have the trainees assume the parts (or roles) of specific persons in that situation. All participants can trigger a spirited discussion among the role players, particularly when they all throw themselves into the roles. The idea of the exercise is to solve the problem at hand and thereby develop trainees' skills in areas like leadership and motivation.

Role playing can be an enjoyable and inexpensive way to develop many new skills. The role players can also give up their inhibitions and experiment with new ways of acting. For example, a supervisor could experiment with both a considerate and autocratic leadership style, whereas in the real world the person might not have this harmless way of experimenting. According to Maier, role playing also trains a person to be aware of and sensitive to the feelings of others.

BEHAVIOUR MODELLING

It involves (1) showing trainees the right way of doing something, (2) letting each person practice the right way to do it, and then (3) providing feedback regarding each trainee's performance. It has been used, for example, to:

1. Train first line supervisors to handle common supervisor-employee interactions better. This includes giving recognition, disciplining, introducing changes, and improving poor performance.
2. Train middle managers to better handle interpersonal situations, for example, performance problems and undesirable work habits.
3. Train employees and their supervisors to take and give criticism, ask and give help, and establish mutual trust and respect.

The basic behaviour modelling procedure can be outlined as follows:

1. Modelling. First, trainees watch films or videotapes that show model persons behaving effectively in a problem situation. In other words, trainees are shown the right way to behave in a simulated but realistic situation. The film might thus show supervisor effectively
disciplining a subordinate, if teaching how to discipline is the aim of the training program.

2. Role playing: Next the trainees are given roles to play in a simulated situation; here they practice and rehearse the effective behaviours demonstrated by the models.

3. Social reinforcement: The trainer provides reinforcement in the form of praise and constructive feedback based on how the trainee performs in the role playing situation.

4. Transfer of training: finally, trainees are encouraged to apply their new skills when they are back on their jobs.

IN HOUSE DEVELOPMENT CENTRES

Some employers of Textiles industry have in-house development centres. These centres usually combine classroom learning (lectures and seminars, for instance) with other techniques like assessment centres, in basket exercises, and role playing to help develop employees and other managers.

QUALITY AND PRODUCTIVITY BY QUALITY CIRCLE PROGRAMMES

A quality circle (QC) is a group of five to ten specially trained employees who meet for an hour once a week for the purpose of spotting and solving problems in their work area. The circle is usually composed of a work group, people who work together to produce a specific component or service.

Steps of QC:

HR usually plays a central role in establishing a QC programme. The four steps in establishing and leading a quality circle are planning, training, initiating, and operating.
PLANNING THE QUALITY CIRCLE

The planning phase usually takes about one month and typically begins with a top-level executive making the decision to implement the quality circle (QC) technique. This leads to identifying and selecting a consultant who will assist top management in implementing the quality circle in the firm. However, in some cases an in-house facilitator will be identified and sent out for special circle methods training. The facilitator then returns to the firm and handles the tasks the consultant would otherwise have been responsible for.

One of the important steps in the first phase is selecting the quality circle steering committee. The steering committee becomes the group that directs quality circle activities in the organization. The committee is usually multidisciplinary in that it draws on employees from functions such as production, human resources, quality control, training, marketing, engineering, finance and the union. The success of the quality circle concept often hinges on how committed to the technique workers feel top management is. Therefore, the steering committee almost always has at least one or two top managers as members.

INITIAL TRAINING

In the second phase, the facilitator and pilot project circle leaders meet (usually with the consultant) to be trained in basic QC philosophy, implementation, and operation. This training course typically takes four days and includes various activities. On the first day, for example the consultant might meet with the leaders to discuss the nature and objectives of quality circles. On the remaining days, trainees use case studies to learn quality circle leadership techniques.

INITIATING THE CIRCLES

Initiating the pilot program's circles begins with department managers conducting quality circle familiarization meetings with employees, with the facilitator, circle leaders, and an executive participating as speakers. Then circle leaders contact each employee to determine circle membership, which is
voluntary, and the circles are constituted. The facilitator distributes manuals for circle leaders at this point; they contain an overview of the QC idea, as well as an explanation of data collection and problem-solving techniques.

THE CIRCLE IN OPERATION

Next each circle can turn to problem solving and analysis. In practice, this involves five steps: problem identification, problem selection, problem analysis, solution recommendations, and solution review by management.

PROBLEM IDENTIFICATION

The problems identified by circle members are often mundane and may not be especially interesting to work groups outside the circle's work area. These problems might include how to keep the area cleaner, how to improve the work group's fabric quality, or how to speed up the packing of the work group's crates.

PROBLEM SELECTION

Next members select the number of problem they wish to focus on. Circle members are usually quite familiar with the impediments making it difficult for them to do their jobs. They are thus often in the best position to prioritize problems, although increasingly the choice is made by management.

PROBLEM ANALYSIS

In the next step, circle members collect and collate data relating to the problem and analyse them using data collection, analysis, and problem-solving techniques for which they are especially trained.

The group members, rather than outside experts or the group leader/supervisor, solve the problem. A big benefit of quality circles is the sense of satisfaction that members get from being involved in the actual problem analysis process. If they are prohibited from analyzing the problem by an inept leader, they will not only miss this sense of satisfaction but may actually resent implementing the solution. Quality circles are as much as
people-building opportunity as a quality-improving one. To derive all the benefits from a circle, the members themselves must be involved in the problem selection, analysis, and implementation.

**SOLUTION RECOMMENDATIONS**

The group's solution is then presented to management by group members, with the aid of charts and graphs they prepare themselves. The presentation is usually oral rather than written and more often than not is voluntarily prepared by employees on their own time at break, lunch, and after work.

**TEXTILE INDUSTRY OUTLOOK**

The textile industry occupies a place of prominence in the Indian economy. India has the largest capacity of installed spindles and looms in the world. We are the largest producers of spun yarn and the largest exporters of cotton yarn.

Global trade in textiles and clothing is growing rapidly. The manufacturing base of the global textile industry continues to shift to developing countries, especially the Asian region. India, China and Pakistan are the three main beneficiary countries who form the global relocation of the textile industry. This region will become the hub of the world textile industry in the coming years, with the USA and European Union nations as the major consumers.

Indian textile industry contributes 20% of India's industrial production, 9% of its excise collections, 18% of industrial employment, nearly 20% of export earnings and 4% of GDP. According to a study by CRISIL, the Indian textile and apparel industry can achieve a scale of US$ 85 billion by 2010-US$ 45 billion in domestic size and nearly 60% of exports comprising garments.

The country is well-placed to realize this potential:

# Strong and large multi-fibre base
# Abundant and cheap skilled labour
# Presence across the entire value chain (spinning, weaving, ups made and garments).
India's textile industry comprises small-scale, non-integrated spinning, weaving, and finishing and apparel-making enterprises. During 2004-05, fabric production touched a peak of 45,378 million square metres, while in 2005-06 (up to November) fabric production registered a growth of 9% over the corresponding period in the previous year. Textile export during April-November 2005 was up by 8.21% over the previous year's corresponding period to US$ 9,309.81 million. During the first year of the non-quota regime for textiles, Indian exports to the US grew 27% on year to US$ 4.6 billion (Source: Office of Textiles and Apparel, USA)

There is a visible industry excitement: over the last six years, an estimated US$ 6.7 billion was invested in India's textiles sector, supported by loans from the low cost Technology Upgradation Fund. CRISIL indicates that the sector is likely to raise over US$ 3.5 billion from the capital markets over the next few years as India is preferred as an outsourcing hub over a stand-alone textile sourcing opportunity. Standing alone, India's exports of about US$ 13 billion of textile and apparel products is slated to grow to over US$ 20 billion by 2005-06.

Export of yarn, fabric, made ups and apparel, 2001 and 2005

<table>
<thead>
<tr>
<th>Product exported from India: (billions $ USD)</th>
<th>2000-01</th>
<th>2005</th>
<th>Target CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yarn, fabric, and made-ups</td>
<td>6.53</td>
<td>10.70</td>
<td>13</td>
</tr>
<tr>
<td>Apparel</td>
<td>5.57</td>
<td>10.00</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>12.10</td>
<td>20.70</td>
<td>14</td>
</tr>
</tbody>
</table>

Sources: Ministry of Textiles and Various Export Councils

PREFERRED OUTSOURCED PARTNER

Over the last few years, Indian manufacturers have demonstrated their ability to replicate designs, find out concepts and offer the possibility of flexible and small production runs. A large base of European and American
customers are already being served from India with almost 70% of apparel exports headed to the US and EU. Even as these companies are growing their sourcing from India, others are building their presence directly or indirectly; besides, Indian exporters are targeting the non-quota market of Australia, Japan, West Asia, South Africa and Latin America.

India is one of the largest fastest growing economies; its consumer market is developed, supported by an environment of declining taxes and tariffs, coupled with a growing proportion of free-spending youth. Some of the international brands already present in India comprise Benetton, Lacoste, Levi Strauss, Crocodile, Dockers, Lee, Wrangler, Nike, Reebok, Adidas, Zegna and Marks and Spencer. There is also a boom in retail development: organized retailing is projected to grow from a 0.8% share to 5% by 2005 grow to a $170 billion market (in absolute terms) and $935 billion market in ppp terms.

\textbf{Table No: 5.2}

\textbf{Structure of the Indian consumer Market}

<table>
<thead>
<tr>
<th>Consumer class</th>
<th>1996</th>
<th>2001</th>
<th>2007</th>
<th>%change</th>
</tr>
</thead>
<tbody>
<tr>
<td>The rich (Rs. 215000 and more)</td>
<td>1.2</td>
<td>2</td>
<td>6.2</td>
<td>416</td>
</tr>
<tr>
<td>The consuming class (Rs. 45,000-215000)</td>
<td>32.5</td>
<td>54.6</td>
<td>90.9</td>
<td>179</td>
</tr>
<tr>
<td>The climbers (Rs. 22,000-45000)</td>
<td>54.1</td>
<td>71.6</td>
<td>74.1</td>
<td>37</td>
</tr>
<tr>
<td>The aspirants (Rs.16,000-22,000)</td>
<td>44</td>
<td>28.1</td>
<td>15.3</td>
<td>-6.5</td>
</tr>
<tr>
<td>The destitute (below 16,000)</td>
<td>33</td>
<td>23.4</td>
<td>12.8</td>
<td>-61</td>
</tr>
<tr>
<td>Total</td>
<td>164.8</td>
<td>180.7</td>
<td>199.2</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: annual report of Sintex limited
Note: each house hold average of 5.5 individuals income figure actual, not ppp
Source: NCAER
This has not only opened up opportunities for international companies to start retailing from India but also for Indian manufacturers of high end products, realizing the potential in the country.

1. FRAGMENTED INDUSTRY

   Even though the government policies that caused industry fragmentation have been removed, their impact is still visible in the following:
   
   Productivity: The current productivity of Indian factories is between half to a third lower than potential.
   
   Resources: Smaller companies often do not possess the resources to invest in appropriate technologies or process re-engineering.
   
   Labour: While skilled Indian labour is inexpensive (absolute terms), much of this advantage is squandered due to low productivity.
   
   Integration: Small scale creates barriers in achieving true integration between supply chain links, resulting low control and consistency.

2. GOVERNMENT LEGISLATION

   One of most insidious regulatory disadvantage was the historical reservation of manufacturing for small companies. The government has gradually removed them and rationalised import duties on capital equipment, creating ground for foreign investors to set up competitive manufacturing plants in India. Other problems remain, comprising excise and tax imbalances. India’s political diversity and ruling coalition have translated into a slow rationalisation of these imbalances.

3. LABOUR CONDITION

   Labour laws are still seen to be relatively unfriendly, with companies having less than ideal flexibility to right size. To avoid dealing with unionization, companies have often broken their business into small units, leading to scale in efficiencies. In recent years though there has been a movement towards labour reform and one hopes that this will make the environment conducive.
4. LOGISTICS

India faces a logistical disadvantage due to its geographic location. Unlike its competitors Mexico (for the US), turkey (for the EU), and major markets leading to a high shipping time and cost. This reality is changing as imports more products and in-bound freight traffic increases leading to logistical efficiency.

5. LACK OF ORGANISED EFFORT

India lacks serious trade pact memberships and does not receive preferential access to the major markets. This leads to quota and duty disadvantage, which depress sourcing volumes from India.

BHARAT VIJAY MILL [PROFIT MAKING UNIT]:

This company’s division revenues increased 31% over the previous year to Rs. 249.33 crore in 2005-06. A significant part of this growth was attributed to the increased realizations from Europe, following increased orders arising out of the Company’s technical and marketing collaboration with Canclini Tessile s.p.A., its Italian partner. Revenue from the domestic brands was about 57.28% of the division’s sales in 2005-06, growing by more than 4.28% over the previous fiscal.

This company possesses an integrated facility with a capacity of 20mn metres in Kalol; it leverages its resident skill and availability of sophisticated equipment to manufacture high-end niche fabrics like cotton yarn dyes structured fabrics, corduroy and special quality yarn,

Table No: 5.3

Increase in production of textile goods of BVM.

<p>| | | | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>2004-05</td>
<td>2005-06</td>
<td>%increase</td>
<td></td>
</tr>
<tr>
<td>133.14</td>
<td>140.56</td>
<td>5.57</td>
<td></td>
</tr>
</tbody>
</table>

Source: annual report of Sintex ltd.
Table showing contribution: to net sales:

This company's products are marketed in high category fashion circles like GAP, Nike, Marks and Spencer and Ann Taylor. Its relationship led model resulted in an association with leading fashion houses like Raymonds, Wills life Style and Zodiac. Besides, this company supplied premium products to domestic brands like Van Heusen and Louis Phillip.

During the year under review, this Company leveraged its collaboration with canclini Tessile s.p.A. in exchange for the following benefits: doubled order size, orders for new varieties (jacquard, dense poplin solid type and coated fabric). Accurate forecasts and an enhanced reputation in Europe's fashion circle.

Recently, Sintex achieved capabilities in the manufacture of the special 'Nano Care' finish. Besides, the Company also acquired a new technology to develop special finishes which offer considerable value addition and product differentiation. Introduction of these new technologies translate into the manufacture of a wider range of value added products.

MAFATLAL INDUSTRIES (AMG): [LOSS MAKING UNIT]:

Mafatlal Industries was set up in 1905 by Mafatlal Gagalbhai. Seth Gagalbhai, father of Mafatlal was a trader. New Shorrock Mills was first unit set up by Mafatlal with English partner Mr. Shorrock.

In 1930s company's prosperity was established in domestic market. Then in subsequent years group was diversified into:

- Petrochemicals
- Gas Distribution.
- Health Care
- Dye stuff
- Financial Services
- Information Technology

Now this company is loss making and withdraw shares from some companies. The company is passing through critical condition. Therefore it sought advice of Mckinsey and Co. Mckinsey's advice to Arvind Mafatlal
Groups was very simple, reduce staff and increase profit. Company followed the advice even though still company is loss making.

Some of the staff said there was some family dispute that is why the owner is not interested in textile business and younger generation is interested in hotel business rather than continue the textile business.

Textile Division:
There were five units at:

1) MAFATLAL INDUSTRIES LTD., NADIAD UNIT
2) MAFATLAL INDUSTRIES LTD., AHMEDABAD UNIT
3) MAFATLAL INDUSTRIES LTD., NAVSARI UNIT
4) LOWER PAREL, MUMBAI
5) MAZAGAN, MUMBAI

From the above units only Nadiad and Navsari units are working and only Nadiad unit was taken for study.

MAFATLAL INDUSTRIES LTD., NADIAD UNIT:
It is one of the biggest composite mills in Asia. This composite mill has a latest technology. Company have spinning, weaving and processing Sections. It also has a separate yarn dye section.

It has received ISO-9000 Quality Assurance Certificate in 1994.

Products:
1. VOILE
2. 100 PER CENT COTTON SHIRTINGS
3. “Rubia” CAMBRIC

AMG, Nadiad hired service from Mckinsey and Co. it’s main goal is cost reduction.

It says “We are, what, we repeatedly do cost saving, then, is not an act, but a habit.”

The wide spread globalization, unprecedented technological innovations, stiff competitive environment and fast moving socio economic realignments are forcing the organizations to change their business attitudes and practices.
AMG, Nadiad unit with McKinsey and Co. are moving ahead to bring about change in existing working pattern, aiming to urgently reduce costs in all possible areas of functioning.

The project can be made more effective. If each employee (from top to bottom) becomes more cost conscious and contributes to the savings of every unit of power, fuel, water and other utilities, because the quantity of resources utilized when translated into rupee value, it is very high.

Every employee must take notice of the wastage happening in the departments or in the mill campus and make efforts to stop or reduce. If one can not directly stop he/she should write and put into the suggestion boxes, on ways of reduction.

### Table No: 5.4
(Arvind Mafatlal Group)
Strength of Manpower in AMG

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Department</th>
<th>Perm. Workers</th>
<th>Daily Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Frame Dept.</td>
<td>125</td>
<td>99</td>
</tr>
<tr>
<td>2</td>
<td>Spinning</td>
<td>182</td>
<td>189</td>
</tr>
<tr>
<td>3</td>
<td>Weaving</td>
<td>178</td>
<td>133</td>
</tr>
<tr>
<td>4</td>
<td>Auto shed and loom shed</td>
<td>244</td>
<td>168</td>
</tr>
<tr>
<td>5</td>
<td>Processing Dept., Dyeing and Printing</td>
<td>455</td>
<td>282</td>
</tr>
<tr>
<td>6</td>
<td>Grey Folding</td>
<td>82</td>
<td>74</td>
</tr>
<tr>
<td>7</td>
<td>Cloth Dept.</td>
<td>391</td>
<td>251</td>
</tr>
<tr>
<td>8</td>
<td>Engineering</td>
<td>224</td>
<td>179</td>
</tr>
<tr>
<td>9</td>
<td>General</td>
<td>141</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2022</strong></td>
<td><strong>1421</strong></td>
</tr>
</tbody>
</table>

Source: Primary data collected for this study
Total staff of management Cadres in the mill is 443. This information is of 1997-98.
LAST TEN YEARS FINANCIAL INFORMATION OF FIVE COMPANIES

Table No: 5.5
(Blue Blend India Limited)
Last 10 yrs financial data of BBIL.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Months (mths)</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
</tr>
<tr>
<td>Total income</td>
<td>110.7</td>
<td>96.34</td>
<td>126.07</td>
<td>127.13</td>
<td>142.61</td>
<td>151.91</td>
<td>151.91</td>
<td>237.12</td>
<td>129.52</td>
<td>124.85</td>
</tr>
<tr>
<td>PAT net of P&amp;E</td>
<td>-25.3</td>
<td>-46.96</td>
<td>-42.91</td>
<td>-51.51</td>
<td>-45.81</td>
<td>-49.66</td>
<td>-5.56</td>
<td>11.34</td>
<td>-2.31</td>
<td>-10.73</td>
</tr>
<tr>
<td>GFA</td>
<td>112.62</td>
<td>131.44</td>
<td>156.01</td>
<td>157.78</td>
<td>157.02</td>
<td>164.59</td>
<td>167.39</td>
<td>146.95</td>
<td>148.95</td>
<td>149.4</td>
</tr>
<tr>
<td>Net Worth</td>
<td>40.71</td>
<td>-6.53</td>
<td>-49.45</td>
<td>-100.95</td>
<td>-153.9</td>
<td>-188.59</td>
<td>-172.66</td>
<td>-65.97</td>
<td>-58.74</td>
<td>-64.67</td>
</tr>
<tr>
<td>Borrowings</td>
<td>161.1</td>
<td>177.57</td>
<td>195.35</td>
<td>212.9</td>
<td>215.45</td>
<td>223.16</td>
<td>189.68</td>
<td>136.16</td>
<td>87.41</td>
<td>77.29</td>
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<tr>
<td>PBDITA/Total income (%)</td>
<td>-5.663</td>
<td>-10.411</td>
<td>3.680</td>
<td>5.331</td>
<td>8.28132</td>
<td>8.228</td>
<td>0.9347</td>
<td>7.9833</td>
<td>5.790</td>
<td>-0.736</td>
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<tr>
<td>PAT net of P&amp;E/Tot inc (%)</td>
<td>-23.143</td>
<td>-49.1316</td>
<td>-34.036</td>
<td>-40.5176</td>
<td>-40.907</td>
<td>-27.276</td>
<td>9.6290</td>
<td>63.837</td>
<td>1.630</td>
<td>-5.952</td>
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<tr>
<td>RONW</td>
<td>-47.813</td>
<td>-276.419</td>
<td>-62.031</td>
<td>-86.332</td>
<td>-2967.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: CMIE

Above information contains last ten years sales, net profit, net worth and borrowings of Blue Blend India Limited. It can be observed that sale of the company is steadily increasing 1999 to 2006 and the sales declines gradually so we can conclude company overall growth is well but last couple of years are not satisfying performance. Profit before depreciation and income tax is overall volatile but positive so we can say this company is profit making units. It has made net profit in year 2005.
Table No: 5.6  
(Arvind Mills Ltd.)  
Last 10 yrs financial data of AML

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Months (mths)</td>
<td>12 mths</td>
<td>12 mths</td>
<td>18 mths</td>
<td>6 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
</tr>
<tr>
<td>Total income</td>
<td>1047.59</td>
<td>1344.25</td>
<td>2011.69</td>
<td>769.25</td>
<td>1576.17</td>
<td>1534.99</td>
<td>1735.03</td>
<td>1660.92</td>
<td>2006.54</td>
<td>2351.54</td>
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<tr>
<td>PAT net of P&amp;E</td>
<td>-17.24</td>
<td>-332.33</td>
<td>-495.24</td>
<td>22.81</td>
<td>127.83</td>
<td>96.4</td>
<td>119.76</td>
<td>104.1</td>
<td>14.42</td>
<td>14.87</td>
</tr>
<tr>
<td>GFA</td>
<td>1080.32</td>
<td>2445.8</td>
<td>2004.52</td>
<td>1988.46</td>
<td>2000.64</td>
<td>2035.21</td>
<td>2110.33</td>
<td>2152.24</td>
<td>2792.69</td>
<td>2918.47</td>
</tr>
<tr>
<td>Net Worth</td>
<td>1762.85</td>
<td>891.01</td>
<td>391.53</td>
<td>906.33</td>
<td>1064.87</td>
<td>1181.33</td>
<td>1281.15</td>
<td>1531.95</td>
<td>1387.03</td>
<td>1449.03</td>
</tr>
<tr>
<td>Borrowings</td>
<td>1936.76</td>
<td>1925.09</td>
<td>1915.7</td>
<td>1626.44</td>
<td>1343.42</td>
<td>1355.5</td>
<td>1686.67</td>
<td>1841.78</td>
<td>1938.02</td>
<td>1696.23</td>
</tr>
</tbody>
</table>

Source: CMIE

Above information contains last ten years sales, net profit, net worth and borrowings of Arvind Mills Limited. It can be observed that sale of the company is steadily increasing 1999 to 2008 so we can conclude company's overall growth is very well. Not only sales but Profit before depreciation and income tax is stable and positive. So we can conclude that this company is profit making company.
Above information contains last ten years sales, net profit, net worth and borrowings of Bharat Vijay Mills. It can be observed that sale of the company is steadily increasing 1999 to 2008 so we can conclude company's overall growth is very well. Not only sales but Profit before depreciation and income tax is growing positively. So we can conclude that this company is profit making company. Among all five companies this company's net profit, profit before depreciation and income tax is steadily growing and company's borrowing is steadily increasing so we can conclude that business activities and management is very strong and healthy.

Table No: 5.7
(Sintex Ltd./Bharat Vijay Mills)
Last 10 yrs financial data of BVM.

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>222.78</td>
<td>244.54</td>
<td>332.08</td>
<td>421.61</td>
<td>498.19</td>
<td>594.61</td>
<td>729.49</td>
<td>943.78</td>
<td>1239.5</td>
<td>1834.85</td>
</tr>
<tr>
<td>PAT net of P&amp;E</td>
<td>9.93</td>
<td>13.07</td>
<td>18.22</td>
<td>18.66</td>
<td>23.7</td>
<td>33.63</td>
<td>50.07</td>
<td>91.53</td>
<td>130.23</td>
<td>213.93</td>
</tr>
<tr>
<td>GFA</td>
<td>146.86</td>
<td>219.78</td>
<td>303.01</td>
<td>485.93</td>
<td>492.12</td>
<td>629.51</td>
<td>669.43</td>
<td>677.18</td>
<td>881.85</td>
<td>1079.02</td>
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<tr>
<td>Net Worth</td>
<td>138.43</td>
<td>152.61</td>
<td>337.03</td>
<td>346.48</td>
<td>364.8</td>
<td>351.99</td>
<td>507.19</td>
<td>449.47</td>
<td>650.87</td>
<td>1463.85</td>
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<tr>
<td>Borrowings</td>
<td>124.78</td>
<td>149.76</td>
<td>245.67</td>
<td>217.15</td>
<td>250.33</td>
<td>298.57</td>
<td>352.34</td>
<td>588.07</td>
<td>678.26</td>
<td>1584.73</td>
</tr>
</tbody>
</table>

Source: CMIE
Table No: 5.8
(Garden Silk Mills)
Last 10 yrs financial data of GSM

(Figures in Crore)

<table>
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</thead>
<tbody>
<tr>
<td>Months</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
<td>12 mths</td>
</tr>
<tr>
<td>Total Income</td>
<td>439.1</td>
<td>399.34</td>
<td>453.34</td>
<td>464.24</td>
<td>534.96</td>
<td>617.37</td>
<td>764</td>
<td>1090.7</td>
<td>1526.67</td>
<td>1843.99</td>
</tr>
<tr>
<td>PAT net of P&amp;E</td>
<td>8.15</td>
<td>-21.5</td>
<td>20.59</td>
<td>-1.44</td>
<td>38.72</td>
<td>34.36</td>
<td>6.03</td>
<td>21.84</td>
<td>22.43</td>
<td>38.02</td>
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<tr>
<td>GFA</td>
<td>352.73</td>
<td>371.77</td>
<td>396.4</td>
<td>433.21</td>
<td>556.87</td>
<td>687.86</td>
<td>719.3</td>
<td>1061.58</td>
<td>1096.09</td>
<td>1128.88</td>
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<tr>
<td>Net Worth</td>
<td>352.85</td>
<td>326.83</td>
<td>340.54</td>
<td>304.82</td>
<td>309.07</td>
<td>324.64</td>
<td>326.88</td>
<td>342.43</td>
<td>358.97</td>
<td>392.26</td>
</tr>
<tr>
<td>Borrowings</td>
<td>116.99</td>
<td>98.99</td>
<td>95.98</td>
<td>140.94</td>
<td>171.26</td>
<td>321.74</td>
<td>591.69</td>
<td>639.08</td>
<td>691.24</td>
<td>802.15</td>
</tr>
<tr>
<td>PAT net of P&amp;E/Tot Inc (%)</td>
<td>1.907</td>
<td>-5.1273</td>
<td>4.420621</td>
<td>-1.02782</td>
<td>7.216456</td>
<td>5.597275</td>
<td>1.154695</td>
<td>2.027</td>
<td>1.524</td>
<td>2.1711</td>
</tr>
</tbody>
</table>

Source: CMIE

Above information contains last ten years sales, net profit, net worth and borrowings of Garden Silk Mills. It can be observed that sale of the company is steadily increasing 1999 to 2008 so we can conclude company's overall growth is very well. Not only sales but Profit before depreciation and income tax is growing positively. So we can conclude that this company is profit making company. Company's borrowing is also increasing but it doesn't make any change in profitability.
Above information contains last more than ten years sales, net profit, net worth and borrowings of Mafatlal Industry Limited. It can be observed that sale of the company is very volatile from 1997 to 2008 and the sales declines gradually so we can conclude company overall growth is negative but last couple of years are satisfying performance. Profit after tax is overall volatile and negative so we can say this company is loss making has made net profit only in 2008.