CHAPTER 3

OVERVIEW OF TEXTILE INDUSTRY, SSML
ORGANIZATIONAL CHARACTERISTICS AND THEIR
HRM PRACTICES

3.1 Introduction

The textile industry is highly dependent on labour both skilled and unskilled. The production process involves technology and competition also forces the mills to produce products so as to withstand the customer changing demands. The researcher brings out the overview of textile industry both the global and Indian situation. This will help the researcher to understand and relate the situations prevailing in the study unit, SSML. The organizational characteristics; production processes and HRM practices of SSML are also reviewed and presented in this chapter which forms the basis for studying the impact of prevailing HRM practices as demanded by the employees, organizational and production processes. This chapter presents the details in three sections viz., Section 1) Overview of textile Industry, Section 2) Profile of Production and Organizational characteristics of SSML and Section 3) Profile of HRM Practices in SSML.
SECTION 1

OVERVIEW OF TEXTILE INDUSTRY

3.2 Genesis and Growth of Textile Industry

The history of textile industry is almost as old as that of human civilization and as time move on the history of textile has further enriched itself. In the 6th and 7th century BC, the oldest recorded indication of using fibre comes with the invention of flax and wool fabric at the excavation of Swiss lake inhabitants. In India the culture of silk was introduced in 400 AD, while spinning of cotton traces back to 3000 BC. In China, the discovery and consequent development of sericulture and spin silk methods got initiated at 2640 BC while in Egypt the art of spinning linen and weaving developed in 3400 BC. The discovery of machines and their widespread application in processing natural fibres was a direct outcome of the industrial revolution of the 18th and 19th centuries. The discoveries of various synthetic fibres like nylon created a wider market for textile products and gradually led to the invention of new and improved sources of natural fibre. The development of transportation and communication facilities facilitated the path of transaction of localized skills and textile art among various countries.

3.3 The Global Scenario of Textile Industry

The history of development in World Textile Industry was started in Britain as the spinning and weaving machines were invented in that country. Japan, India, Hong Kong and China became leading producers due to their cheap labour supply, which is an important factor for the industry. High production of wool, cotton and silk over
the world has boosted the industry in recent years. Though the industry was started in UK, still in 19th century, the textile production passed to Europe and North America after mechanization process in those areas. From time to time Japan, China and India took part in industrializing their economies and concentrated more in that sector.

The history of the Textile industry is the story of the movement from handcraft production of cloth in every country, to the industrial revolution in Britain, driven by cotton and wool yarn and cloth factories, which then spread to Europe, America, Japan and other countries. The use of cotton textiles came to the West via the Middle East during the Middle Ages, when Muslims took back cotton cultivation from India. The earliest fabric in Europe to include cotton fibres was fusion, a combination cotton and linen, used to make garments and bedding. Demand for Indian cotton textiles, especially the 100 per cent cotton fabric known as calico, increased in the 16th century. European textile makers attempted to capitalize on this trend by making substitutions and having the Indian textiles banned.

The global textile market possesses a worth of more than $400 billions presently. In a more globalized environment, the industry has faced high competition as well as draining of opportunities. It is predicted that global textile production will grow by 25 per cent between 2002 and 2010 and Asian region will largely contribute in this regard.

3.4 **History and Development of Textile Industry in India**

The Indian textile industry has a significant presence in the economy as well as in the international textile economy. Its contribution to the Indian economy is manifested in terms of its contribution to the industrial production, employment
generation and foreign exchange earnings. It contributes 20 per cent of industrial production, 9 per cent of excise collections, 18 per cent of employment in the industrial sector, nearly 20 per cent to the country’s total export earning and 4 per cent to the Gross Domestic Product. In human history, past and present can never ignore the importance of textile in a civilization decisively affecting its destinies, effectively changing its social scenario.

Indian textile enjoys a rich heritage and the origin of textiles in India traces back to the Indus valley Civilization where people used homespun cotton for weaving their clothes. Rigveda, the earliest of the Veda contains the literary information about textiles and it refers to weaving. Ramayana and Mahabharata, the eminent Indian epics depict the existence of wide variety of fabrics in ancient India. These epics refer both to rich and stylized garment worn by the aristocrats and ordinary simple clothes worn by the common people. The contemporary Indian textile not only reflects the splendid past but also cater to the requirements of the modern times.

The "deindustrialization" of the Indian economy and of India’s textile industries in particular, is the subject of a major histographical debate. While some scholars have claimed that colonial rule permanently undermined indigenous production, others have argued that handloom weavers were able to adjust to colonial conditions and therefore carved out new niches for themselves. Hanretty (1991) examines handloom weavers in one part of India, an area that is now Madhya Pradesh, between 1800 and Indian independence in 1947, eschewing a simplistic attachment to either of the two main positions, Hanretty shows that while handloom weavers as a group faced great competition in the mid-19th century from imported cloths, some specialist producers were able to cope better than others, mainly because
of their production of specialized products and the security given to them by enhanced caste status. The real challenge came in the 20th century as India's own mills’ subordinated weavers to middlemen as the former became more dependent on mill-spun yarns.

By the end of the 19th century, domestic wool production in India was experiencing a transformation that was largely attributable to colonial rule. Arable land which pastoralists needed for their sheep was becoming less available; hence, wool production tended to become concentrated in areas where there were more opportunities for grazing. Railways were important in helping to transform weaving from a small-scale household-centered activity to larger factory production. Competition from imported wool led to greater specialization in weaving and spinning, and encouraged the production of finer cloth. These transformations, of which the most important seems to be the loss of common grazing lands, have continued in postcolonial India. Shah (2001) examines the growth of an industrial working class in Ahmadabad, chief city of Gujarat. In textiles, the most important industry, new recruits were chiefly lower-caste landless agricultural laborers and handloom weavers - men, women, and children. Despite strikes against long hours and low wages, caste identity remained strong, stable and effective trade unions were not achieved.

History of Textile Industry in India can be traced back to the time when the British ruled in India. The English had arrived at Surat in 1608 before a permanent factory was established. The long presence of the Portuguese on the west coast of India, pre-dating Mughal control, made unhampered access for other Europeans were
more problematical than on the east or ‘Coromondel’ coast or at the open port of Bantam.

Surat, the outlet for the textile manufactures of Gujarat and the embarkation point for the annual Haj pilgrimage, was the most important centre for the overseas trade of the Mughal Empire. Apart from providing textiles to be exchanged for pepper and spices in South East Asia, it offered the possibility of participating in and imitating existing trade networks westwards to Persia, a source of raw silk, and into the Red Sea, where Egyptian and Turkish merchants made annual purchases of Gujarati textiles with silver. Surat was also, of course, the first major Asian port city within reach of ships rounding the Cape of Good Hope. Existing arrangements between the Mughal local authorities and the Portuguese, who held a string of fortified bases along the coast north from Goa backed up by regular naval patrols, were not to be easily overturned. The English had to demonstrate that they could be even more of a menace at sea and that they were capable of defeating Portuguese attacks, which they proceeded to do over the next few years. Sir Henry Middleton plundered the Red Sea shipping in the summer of 1612 and Portuguese fleets were beaten off with great loss, within sight of Surat, in December 1612 and January 1615. Even the Mughal authorities would not finally admit the English without Imperial permission, which lead to a remarkable series of early contacts with the Mughal court.

Babur, a Turkic adventurer who claimed descent from the Mongol conqueror Timur, who had gained control over Afghanistan, invaded India in the mid 1520s. At his death in 1530 the new arrivals had established a loosely knit empire extending from Kabul to the borders of Bengal. Babur’s grandson Akbar, who occupied the throne from 1556 to 1605, consolidated the Mughal rule over the whole of northern
India, taking in Sindh, Kashmir, Gujarat, Rajasthan, Orissa and Bengal forming a partnership with the Hindu Rajputs to govern through a centralized bureaucracy with officers of state and provincial authorities under his personal direction.

It has been recorded in history that the Portuguese position in India had been weakened, though there was serious fighting still to come. From Surat the English began to participate in the Red Sea and Persian trades as well as sending cargoes of textiles to Bantam.

The ready availability of raw cotton, silk and dye stuffs in Coromandel, Gujarat and later Bengal had stimulated, over centuries, the growth of a village-based hand-loom industry which gave employment to hundreds of thousands of highly skilled weavers, dyers and washers, producing enormous quantities of different kinds of cloth for specific market requirements throughout Asia. The supreme Indian achievements lay in the mastery of colour-fast dyeing techniques and the fabulous designs and colour combinations produced by hand-painting and wood-blocking.

The English factors engaged Indian brokers who were paid a fixed percentage to negotiate and manage contracts with local authorities, village headmen and weaver families for the delivery of stated numbers of particular types by specified dates, and who guaranteed the safety of cash advances made by the Company for the purchase of yarn and dyestuffs. The weavers, the ancillary craftsmen and the cultivators of the raw materials were at the bottom of the chain. Frequently devastated by climate, famine and war, they were always subject to varying degrees of pressure and exploitation while the landholders, the brokers and the Company grew rich on their skills.
The modern textile industry took birth in India in the early nineteenth century when the first textile mill in the country was established at fort gloster near Calcutta in 1818. The cotton textile industry, however, made its real beginning in Bombay, in 1850s. The first cotton textile mill of Bombay was established in 1854 by a Parsi cotton merchant then engaged in overseas and internal trade. Indeed, the vast majority of the early mills were the handiwork of Parsi merchants engaged in yarn and cloth trade at home and Chinese and African markets. The first cotton mill in Ahmedabad, which was eventually to emerge as a rival centre to Bombay, was established in 1861. The spread of the textile industry to Ahmedabad was largely due to the Gujarati trading class.

The cotton textile industry made rapid progress in the second half of the nineteenth century and by the end of the century there were 178 cotton textile mills; but during the year 1900 the cotton textile industry was in bad state due to the great famine and a number of mills of Bombay and Ahmedabad were to be closed down for long periods.

### 3.5 Current Scenario of Indian Textile Industry

After independence, the cotton textile industry made rapid strides under the Plans. Between 1951 and 1982 the total number of spindles doubled from 11 million to 22 million. It increased further to well over 26 million by 1989-90. There has been a distinct and positive shift from quantity to quality in India. Earlier Indian textiles were considered cheap and of low quality. The industry was at that time driven by large volumes, which were of paramount importance. The best quality was produced in Europe and Japan. Since then, India has come a long way, emerging as a manufacturer of high quality yarns and fabrics. The leading mills such as Raymonds,
Reid and Taylor, Aravind mills etc., improved their quality standards prevailing into the world. The textile industry has also become a high technology industry. No body earlier could have concerned that the industry would require top of the line technical skills. Present day textile machinery is fully computerized and needs totally new skills to manage it effectively.

On the marketing side, there has been a total change, with almost all players in the industry extending their reach to international markets. The impact of these trends on the textile industry is profound. Increasingly any company cannot sustain itself only on local market demand or only the exports. One has to look at the global markets in total. This compulsion to access and compete in international markets has been perhaps one of the saving grace for the industry. Clearly the ability and necessity of meeting global competition head on, has forced the industry to upgrade its technology, product quality, cost structure and marketing skills.

Another visible change relates to the scale of operations. Earlier textile mills were generally reasonably large sized and became a non-constraining factor with the advent of power loom sector, which enabled small weavers to make and market their own fabrics in direct competition with large mills. Another shift in the industry is regarding entrepreneurship. Technocrats have been able to become possible to have small size spinning, weaving and processing mills. All this was earlier the domain, solely of large businesses.

The greater competitive pressure have highlighted the need to control cost of every type of whether it be energy, water or labour all of which were earlier taken for granted now every mill is highly cost conscious and industrial engineers keep detailed trace of every cost parameter including energy consumption, waste control, machine
efficiency and productivity. No doubt, this will have to be an ongoing exercise. Since cost have to be ruthlessly and persistently brought down. The textile industry being labour intensive, is slowly migrating from high cost countries, such as the United states, Europe, Japan, Australia, Taiwan and Korea. All these countries were at one time leading textile manufacturers. But with the high labour cost, capacities in these countries are being diverted elsewhere. This is happening even as the developed economies make large investments in better machinery and automatism.

Textile constitutes the single largest industry in India. The segment of the industry during the year 2000-01 has been positive. The production of cotton declined from 156 lakh bales in 1999-2000 to 1.40 lakh bales during 2000-01. Production of man-made fibre increased from 835 million kgs. in 1999-2000 to 904 million kgs. during the year 2000-01 registering a growth of 8.26 per cent. The production of spun yarn increased to 3160 million kgs. during 2000-01 from 3046 million kgs. during 1999-2000 registering a growth of 3.7 per cent. The production of man-made filament yarn registered a growth of 2.91 per cent during the year 1999-2000 increasing from 894 million kgs. to 920 million kgs. The production of fabric registered a growth of 2.7 per cent during the year 1999-2000 increasing from 39,208 million sq. meters to 40,256 million sq. meters. The production of mill sector declined by 2.6 per cent, while production of handloom, powerloom and hosiery sector increased by 2 per cent, 2.7 per cent and 5.1 per cent respectively. The exports of textiles and garments increased from ₹455048 million to ₹552424 million, registering a growth of 21 per cent. Growth in the textile industry in the year 2003-2004 was ₹1609 billion and during 2004-05 production of fabrics touched a peak of 45,378 million square meters. In the year 2005-06 up to November, production of fabrics registered a further growth of 9 per cent over the corresponding period of the previous year.
Textile exports play a crucial role in the overall exports from India. Through export friendly government policies and positive efforts by the exporting community, textile exports increased substantially from US $5.07 billion in 1991-92 to US $12.10 billion during 2000-01. The textile export basket contributing over 46 per cent of total textile export in the country. The world textile trade has risen to 3.1 per cent in 1999-2000 as against 1.80 per cent in early nineties. Exports have grown at an average of 11 per cent per annum over the last few years, while world textile trade has grown only about 5.4 per cent per annum in the same years. During the year 2000-01 India’s textile export was US $12014.4 million. It was increased in the year 2004-05 to US $13038.64 million. The exports of textiles (including handicrafts, jute, and coir) formed 24.6 per cent of total exports in 2001-2002, however, this percentage decreased to 16.24 per cent during 2004-2005. The textile exports recorded a growth of 15.3 per cent in 2002-2003 and 8.7 per cent in 2003-2004. Textile exports during the period of April-February 2003-2004 amounted to $11,698.5 million. During 2004-05 textile exports were US $13,039.00 million, recording a decline of 3.4 per cent as compared to the corresponding period of previous year. However, during April-November, 2005, the textile exports have shown growth of 8.2 per cent as compared to the corresponding period of previous year. Against a target of US $15,160 million during 2004-05, the textile exports were of US $13039 million, registering a shortfall of 14 per cent against the target. The overall export target for 2005-06 has been fixed at US $15,565 million. In 2005 textile and garments accounted for about 16 per cent of export earnings. India’s textile export to the US has shown a good rise of 29.5 per cent between January and June 2005.
3.6 Origin of Textile Industry in Tamil Nadu

The first successful mill in Madras began to function in the name of Madras United Spinning and Weaving Company Limited in the year 1874. This mill sowed the seeds for the development of growth of modern textile industry in the state. The number of mills in Tamil Nadu has increased from 437 in the year 1989 to 860 in the year 2000 but decreased to 850 in the year 2002. The textile industry in the state continues to be dominated by spinning sector. Out of the 850 textile mills functioning in the state during 2001-02, as many as 827 were spinning units accounting for 97.3 per cent. It could be seen that there was a reduction of 10 textile mills in the state between 1999-00 and 2001-02 comprising of seven spinning mills and three composite mills. The installed capacity of existing mills however increased from 125.73 lakh spindles in 1999 – 2000 to 128.5 lakh spindles in 2001-03, an increase of 2.20 per cent. The number of looms also increased significantly from 1062.55 million kgs. to 1139.53 million kgs. But in production there was a steep decline from 122.15 million, sq. meters to 96.99 million, sq. meters. It is a matter of concern that number of workers employed by these mills showed a decline from 2.26 lakh in 1999-2000 to 2.02 lakh in 2001-02.

3.7 Present Textile Industry Scenario in Tamil Nadu

With the progress of rapid industrialization, there has been unrest in one form or another which has adversely affected the economic and social life of the State. The disputes that occurred in Tamil Nadu shows number of work stoppages including lockouts, number of workers involved and mandays lost due to disputes. It is obvious that the number of strikes have declined over 15 years except in 1990, 1992 and 1998. Similarly, the number of workers involved in the strike also shows a declining
tendency during the same period except in 1996 and 1997. Among the data much more reliable indicator of severity and impact of conflicts is the number of mandays lost due to strikes. The mandays lost are more voluminous in the post reform period except the years 1995 and 2003. However, there have been fluctuating trends during the post reform period.

The prolonged nature of strikes in the textile industry is partly due to preponderance of non-economic issues which generally defy solution and partly to the bargaining strength of the parties involved. Textile Industry, being the oldest, the workers have well organized trade unions and management with a well developed employers’ organisation. Consequently, both parties have more or less equal bargaining strength which makes it difficult to compromise during negotiations. This accounts for the prolonged nature of non-economic issues and in turn relatively longer time taken for termination of a strike in the textile industry.

Textile industry being one of the oldest and largest industries has been the main focus of attention of the researcher in the field of industrial relations in the state of Tamil Nadu. There has been a fluctuating trend as far as incidence of disputes is concerned. The number of disputes has gradually come down over the post reforms period except in 1990, 1992, 1997 and 2001. But it is a matter of concern that the number of workers involved in the strike was much higher in the year 1991 than in the earlier and later years. The number of mandays lost which reflects the severity and impact of conflict on account of strike was the highest in the year 1991 despite the fact that the number of strikes in the same year was lower. The study reveals that the number of strikes and workers involved were lesser but at the same time mandays lost was voluminous during the period. It may be due to the fact that the strike could have
prolonged for larger number of days. It is obvious that textile industry is a highly dispute prone industry and most unionized one in the state.

The capacity utilization of the textile industry in Tamil Nadu, hit by the ongoing slump in the demand in international markets and the acute power shortage, has dropped by 72 per cent. With an investment of almost ₹50 billion, the textile industry in the state is in a dismal state. Many mills are on the verge of shutdown as buyers from countries like United Kingdom and United States have cancelled their bulk orders. The yarns manufacturing are also in disarray as Bangladesh and Middle East countries, which import raw material from India, have cut down their demands due to global recession. Almost fifty per cent of the workers engaged in the industry have lost their jobs and according to the industry sources the situation might turn grimmer. They said that the industry is witnessing the worst period in the living memory. Around fifty per cent of our labour force has lost their work. Almost ten per cent of our small mills have been totally closed down.

SECTION 2

PROFILE OF ORGANIZATIONAL CHARACTERISTICS OF SAMBANDAM SPINNING MILLS LIMITED (SSML)

3.8 Incorporation and Present Status

SSML was incorporated in the year 1973 as a private limited company and was converted into a public limited company in 1994. It is mainly concentrating into manufacturing of cotton yarn with higher counts and value-additions catering to the premium yarn market. SSML was promoted by Mr.S.P. Ratnam (Chairman of the
company till May 2008), the late Mr.S.P. Sambandam, and Mr.S.P. Rajendran, all of whom belong to a family who were traditionally yarn merchants.

The Company has three units situated at 1) Kamaraj Nagar colony, 2) Ayeepalayam and 3) Kavarakalpatty in Salem district of Tamil Nadu. All the three units have total employee strength of 1482. The Unit Kamaraj Nagar at Salem (Unit I) was started in 1974 and is now having a spindle age of 45,000 spindles. The unit commenced its commercial production in May, 1974 with an installed capacity of 3,300 spindles. The spindle age was gradually expanded in stages to 15000 between the years 1974 and 1980. The organization structure and staff strength are presented in Figure 3.1 and Table 3.1.

**Figure 3.1 Organization Structure of SSML**
Table 3.1 Employee Strength of SSML

<table>
<thead>
<tr>
<th>Employees Cadre</th>
<th>Unit I Kamaraj Nagar</th>
<th>Unit II Ayeepalayam</th>
<th>Unit III Kavarakalpatty</th>
<th>Total (Numbers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level</td>
<td>10</td>
<td>05</td>
<td>03</td>
<td>18</td>
</tr>
<tr>
<td>Middle Level</td>
<td>100</td>
<td>40</td>
<td>24</td>
<td>164</td>
</tr>
<tr>
<td>Operational Level</td>
<td>800</td>
<td>300</td>
<td>200</td>
<td>1300</td>
</tr>
<tr>
<td>Total</td>
<td>910</td>
<td>345</td>
<td>227</td>
<td>1482</td>
</tr>
</tbody>
</table>

Source: Personal inquiry with the HR Department of SSML, Salem.

Note: Figures in the table refer to the employee population as on 01-10-08 in SSML, Salem; Top Level includes Senior managers, Assistant managers and junior managers of SSML; Middle Level includes Floor Supervisors, Technical and Administrative staff of SSML and Operational Level includes Employees at the Production levels of SSML.

The expansion was financed by way of facilities like Term Loans from Financial Institutions to the tune of ₹39.00 lakh, deferred payment guarantees of ₹257.24 lakh from Tamil Nadu Industrial Investment Corporation (TIIC) and State Bank of India (SBI). Further expansion programmes were undertaken between 1980 and 1988 to increase the spindle age from 15,000 to 25,220. The capacity increase was financed by way of term loans from State Industries Promotion Corporation of Tamil Nadu (SIPCOT), and also internal accruals.

SSML started with an initial installed capacity of 2,940 spindles. As on March 31, 2009, the group capacity was 1,00,000 spindles spread between three units located in Salem district. The company also has 17 wind energy converters for a total capacity of 12.80 MW in Tirunelveli and Coimbatore districts of Tamil Nadu. It is an ISO 9001:2000 certified company. SSML manufactures cotton yarn of various counts that range between 30s (medium) to 100s (finer) which cater to manufacturers of knitted and woven garments, home furnishing fabrics, medical/surgical fabrics and industrial fabrics in both domestic and global market.
3.9 Mission Statement of the Company

The company mission is “to strive for excellence in every sphere of company activity to give best quality products which save the cost and time for the customer and to offer customer friendly best service in fulfilling their requirements, aiming at steady development through upgradation of technology and diversification for value addition”.

3.10 Objectives of the Company

The objectives of SSML is to provide quality products to meet out the customer needs; offering employment potentiality to the local technocrats and labourers; to maintain discipline of their public; conduct training classes for the labours on ISO 9000:2000; accident prevention and Labour welfare in a phased manner, ensure total customer satisfaction; increase the value of the stake holders; development of processes and product; compliance with relevant legal and other requirements; prevention of pollution and health hazards; continual improvements of organizational performance; and involvement of employees / management at all levels.

3.11 Functions of Purchase Department

This raw material (raw cotton) is purchased and stocked for the production requirements. The purchase department is otherwise called as raw materials department. Generally raw cotton is purchased and received in the form of compressed bales. Generally a bale weighs around 170-200 kgs. Normally in SSML they have a minimum cotton stock for three months and maximum for five months. Price of raw cotton is calculated based on candy (1 candy is 355.5 kgs.). A stock of 3
to 5 months requirement is maintained in SSML. There are five cotton departments in the company and cotton is purchased by those departments from Rajapalayam, Pollachi, Coimbatore, Maharastra, Andra Pradesh, Guntur, Singapore, etc.,

**3.11(1) Types of Cotton Procured**

SSML procures cotton varieties like MC5, BUNNY, MECH 1, BCH 32, BOLO-S, RCH for domestic production and sales. For export purpose SSML procures cotton varieties like GIZA, LK, PLEPE, MELBO, H6, H4.

**3.11(2) Quality Control**

The cotton lots arrived are subject to Quality Assurance Approval and the quality of cotton is assessed by tests done both manually and electronically. By manual method the cotton is tested using “Bear Sorter”. But this is a time consuming process. The electronic method utilizes “SPINLAB HVI-900” machinery. The testing process is very fast and also accurate. If the lot confirms the basic sample, then it is accepted otherwise, it is rejected and returned to supplier and the same is recorded in vendor evaluation record.

**3.11(3) Quality Systems**

SSML has a well qualified and experienced technical team to implement quality system implements in the production line. A quality plan is prepared by technical team and trial production is done. There is a continuous and close follow up at every stage of production by Quality Assurance Department to achieve consistent quality for which they have well equipped laboratory for quality assurance. Production is based on well planned production plan to maintain shipments schedules.
3.11(4) Inventory Techniques

The company is following the Just in Time (JIT) purchase. Materials are purchased according to their need. They calculate the machine (parts) life. According to the depreciation, SSML purchases the spare parts and materials. The main parts are bearing, gear wheels, packing material, etc. It has a lead time of 2 days. There is a separate. The damaged and waste materials are dumped in the scrap yard. The company is selling the scrap materials once in 15 days time.

3.12 Functions of Production Department

The Company has a sound track record of productivity and profitability and has been producing high quality yarn for the domestic market. The Company has also been regular in modernizing its unit and at present almost all the machines at its existing units are fully modernized. The Company's product range includes cotton carded and combed yarn in the count range from 30s to 80s. The company's products are well received in the local and international markets. SSML has process layout set up for production.

3.12(1) Product Range

The product range of SSML varies from 30s to 100s, 100 per cent cotton yarns in the varieties like Carded / Combed, Ring Doubled / Two for one twisted, Ply yarn (3/4/6), Auto Coned, Auto Leveled, Siro cleared, Double hank plain reel / gross reel, Four hank plain reel/gross reel, Yarn conditioned and Gassing yarn.
3.12(2) Types of Production

SSM is very flexible in production as it follows the following production techniques so as to cater to the needs of the customer.

1. **Mass production**: Manufacturing of discrete parts or assemblies using a continuous process are called mass production. This production system is justified by very large volume of production. Flow of materials and components is continuous and without any back tracking.

2. **Make to stock production**: SSML stocks the finished goods in inventory for immediate delivery. This system ensures immediate delivery of good quality, standard products. SSML follows this system in 30s and in 40s count because they are normally in demand in the domestic market.

3. **Make to order**: SSML also follows ‘Make to order’ production after the receipt of firm order from the customer. They opt for receipt for the 70s and 80s count.

3.12(3) Production Process

The following processes are carried out in SSML to convert raw cotton into yarn. The process involves,

a. **Mixing**: In this department, the various varieties of cotton are mixed, according to their length, strength, fineness and maturity to get the required counts of yarn i.e. 60s, 80s etc. Usually four buckets of water and
one litre of soap oil is sprayed on the spread cotton and kept for 24 hours before the next blow room process.

b. **Blow room**: In this process mixed cotton is cleaned by removing the foreign matters and waste. It may contain seed coats, jute, etc. The output from this process will be like a uniform and clean sheet like form, rolled in a rod and is known as lap.

c. **Carding process**: The laps that are produced in a sheet form are sent to the carding section. The main aim of carding is to eliminate short fibres and also elimination of neps which are formed in the blow room. The process done here is that the cotton is completely open into individual fibres and the dirty foreign matter and neps are removed.

d. **Carded Sliver**: The sliver produced after normal carding is in the form of long thread like fibres called as carded sliver. These carded slivers are sent to drawing in the next stage.

e. **Combined Sliver**: The combined sliver’s aim is to further remove short fibres and neps that are still present in it. The comber process means just like we comb our hair. In this combing process short fibres are removed and fibres are arranged in parallel formation. This combed sliver is the best quality of sliver than the carded sliver.

f. **Sliver Lap**: The Carded Slivers are fed and by pressing them it is transformed into lap form. The output is called as Sliver Lap.

g. **Ribbon Lap**: The Sliver Lap is fed and by drafting process and it is converted into a Ribbon Lap.
h. **Comber**: It is the high quality process. In this, high quality sliver is produced. It is the next stage of carding. Then the sliver is let into simplex and spinning process. The main difference between drawing and comber is that it produces high quality combed yarn. 20 sliver lap. is converted into a single comber lap within 7 minutes and weighs 3.5 kgs., 8 comber lap. is converted into single comber sliver and the output time is 2.5 hours.

i. **Drawing**: It is the fourth stage in the manufacturing process. In this process eight slivers can be converted into single sliver. Again 8 single slivers will be converted into one sliver. There are 8 machines installed in the drawing room. The processing time for completing 8 slivers is 4 hours.

j. **Simplex operation**: Sliver is converted into “Roving”. In this process sliver size is decreased. There are 8 machines located in the simplex operation. Each machine has 120 spindles. Spindles mean rod or shaft rotating which twists the yarn. The processing time is 2 hours for 40s and 41s output and 4 hours for 80s output.

k. **Cone winding**: The spinning cops/doubling cops are processed here. They are wound into cones. The output is sent to other departments as follows:

<table>
<thead>
<tr>
<th>Input</th>
<th>Finishing Form</th>
<th>Output Sent To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spinning Cop</td>
<td>Single Yarn on Cones</td>
<td>Packing</td>
</tr>
<tr>
<td>Spinning Cop</td>
<td>Doubled Yarn</td>
<td>Doubled Winding</td>
</tr>
<tr>
<td>Doubling Cop</td>
<td>Double Yarn on Cones</td>
<td>Packing</td>
</tr>
</tbody>
</table>

l. **Doubling**: In this area double thread is twisted into single thread. There are 32 doubling machines being the doubling section. Each machine has 400 spindles and the yarn is twisted according to the order basis.
m. **Reeling**: The yarn spindle wound in hank from the process is called reeling. There are 36 machines installed in the reeling section. Each machine has 80 spindles.

n. **Packing**: Packing refers to the activities of designing and producing the container or wrapper for a product. There are two types of packing.

i. Cone packing

ii. Yarn packing

According to the customer requirement, the packing is done in the packing department. Cone packing is done using manpower. For yarn packing, bale press machine is used. In SSML, the goods will be delivered as Cone or Hank. Cone yarn is used for power loom fabric. Hank yarn is used in handloom sectors and yarn is only a by-product.

o. **Product testing**: It is the final testing in the product to find the imperfection. The buyers accept the 495 imperfection condition within the 100 kilometers yarn.

p. **Production timings or working hours**: The following shift timings are followed in SSML

I shift - 7.30 a.m to 3.30 a.m

II shift – 3.30 p.m to 11.30 p.m

III shift – 11.30 p.m to 7.30 a.m
3.13 Functions of HRD Department

Human resource development (HRD) is phenomenal for the manufacturing and service industry. HRD deals with upgradation of skills for labours and executives, human resource planning and allocation of work and monitoring and assessment of performance. One of the most important tasks is upgrading the skills and knowledge of the human resource from time to time in tandem with the development of technology and trade. HRD activities result in increased productivity, reduced cost and wastage, rightsizing of labour and staff at the organization, organizational stability and flexibility to adapt to future changes. The various functions of the HRD Department are allocation of work load, Calculation of ideal time and over time stoppage, recruitment, selection and appointment, training and development, wage and salary administration, grievance handling and Employment benefits and measures.

3.14 Functions of Finance Department

SSML has a finance department and carries out the activities like collecting information from various monthly comparisons statement, comparison of revenue accounts with the budget proposals, capitalization of fixed assets projects and calculation of depreciation, preparation of bank reconciliation statement, checking cash flow position, verifying and making the payment for excise duty sales tax, computation of deduction of tax at source, filing of forms issue of TDS certificate, tax planning and tax management of the company and finally payroll process.
3.15 Functions of Marketing Department

The company’s products are in good demand for the past several years. Hence no difficulty is anticipated in marketing. The company entered into export market in a humble way and will be expanded in future. The entire sale of the factory is being directly controlled by joint managing director of the company with the two assistant junior officers.

SSML manufactures the yarn based on the demand and the requirement. SSML gained 5 per cent of Salem yarn market, 10 per cent of Nagari market and 2 per cent of Coimbatore market. Their share in Indian yarn market is only 0.61 per cent. The mill believes in quality and is practicing not product marketing but quality marketing. It helps customer in understanding his quality requirements so as to get benefit of time and cost savings to both mill and the customer. There is no proper advertising media. Advertisement is done through intercompany magazines.

3.15(1) Capability of Supply

Every type of sale is reviewed by Director (Operations) and Senior Manager on the acceptance of order / contract. Such review shall be based on quality requirements mill standards, quantity requirements based on the existing stock, raw materials availability and the possibility of production balance. Price is fixed based on the market trend. Dispatch is based on the production plan and mode of delivery is by mills’ approved transporters or on customer’s preference. Statutory obligations on commercial items like credit shall be examined before such supply.
The finished product of yarn is dispatched to the customers on the following types of sales.

<table>
<thead>
<tr>
<th>Domestic Market</th>
<th>Export Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker Sales</td>
<td>Merchant Export</td>
</tr>
<tr>
<td>Direct Sales</td>
<td>Direct Export</td>
</tr>
</tbody>
</table>

3.15(2) Broker Sales

The finished products are delivered to customers based on the quantity requirements from the broker and the sale proceeds are realized by the mill directly. The enquiries from brokers are confirmed based on the capability supply. The dispatch advice on the quantity shall be confirmed by brokers through BROKER CONFIRMATION showing agreement of transaction between the mill and the customer, there by yarn contract is prepared.

3.15(3) Direct Sales

The enquiries received from customers by letter, telex, fax, and phone or in person are attended by Director-Operations. The capability to supply is examined and the offer to supply is communicated to the customer. Subsequently, yarn contract is prepared agreeing the contract requirements by Director-Operation with the customer.

3.15(4) Export Market

The yarns have specific applications which are manufactured according at the specification of the buyers. The company is exporting yarn to the foreign countries like Italy, Spain, Sweden, UK, Malaysia, Taiwan, Japan, Hong Kong, etc. Export market is further classified into Merchant export and direct export.
3.15(5) Merchant and Direct Exports

Enquiries received from the merchants and customers are directly attended by the director (operations) for export of yarn. Capability to supply shall be examined by director and communication shall be sent to the merchant or customers for an offer. So supply will be done by considering the enquiry requirements in respect of quality, quantity, price term and dispatch.

This shall be recorded in the export market review register by marketing assistant, after it is agreed by merchant or customers and broker confirmation shall be done and obtained from merchant or his broker. Subsequently the contract shall be obtained by marketing assistant and got approved by director and specify the terms on the confirmation for supply. Indent for manufacturing department shall be prepared by Quality Control and Assurance Department (QCAD) and approved by director and the same forwarded to senior manager through marketing assistant for initiating production.

3.15(6) Product Diversification

SSML has done product diversification by way of producing colour yarn.

3.15(7) Pricing Policy

The company has demand oriented pricing policy. The company fixes the price according to the market demand.
3.15(8) Credit Terms

The company is having the policy of selling the goods on cash and carry. But in exceptional cases, for some customers, the company extends credit for 15 days time.

3.15(9) Customer Satisfaction

The company has a customer oriented production process. The company is meeting its customers once in three months time to analyze the problem and to get feedback also. The company is taking every step to solve the problems either in administrative side or on technical side.

3.15(10) Exports and Future Plans

SSML is exporting to countries like Singapore, Japan, South Korea, Taiwan, UK, USA, Australia, Italy, Germany and Columbia. Future plan of SSML is to increase the direct export, to produce the high quality products and achieving customer delight and modernization.

SECTION 3

PROFILE OF HRM PRACTICES OF SSML

3.16 Recruitment and Selection Process in SSML

Recruitment is the process through which the organization seeks applicants for potential employment. Selection refers to the process by which it attempts to identify applicants with the necessary knowledge, skills, abilities and other characteristics that
will help the company achieve its goals, companies engaging in different strategies need different types of employees. The strategy a company is pursuing will have a direct impact on the types of employees that it seeks to recruit and select.

### 3.16(1) Sources of Recruitment

SSML uses two kinds of source for recruitment. They are,

1. **Internal Source:**

   SSML has a philosophy that current employees are a major source of recruitment for all but entry-level positions. Whether for promotions or for ‘lateral’ job transfers, internal candidates who already knew detailed information about SSML’s formal policies and procedures are preferred, so that they follow the norms. Promotions and transfers are typically decided by operating managers and are carried out with involvement by HR department.

   **Job-posting programmes:** HR departments become involved when internal job openings are publicized to employees through job positioning programmes, which inform employees about openings and required qualifications and invite qualified employees to apply. The notices usually are posted on company bulletin boards. Qualification and other job factors are typically drawn from the job analysis and company’s required information. The purpose of job posting is to encourage employees to seek promotion and transfers. The HR department helps to fill internal opening and meet employee’s personal objectives. Not all job openings are posted. Besides entry level positions, senior management and top staff positions may be filled by
merit or with external recruiting. Job posting is most common for lower level positions like clerical, technical and supervisory positions.

2. External Source

When job opening cannot be filled internally, the HRD department of SSML will look from outside the organization and invite applicants. They follow any one of the following,

**Walk-ins and Write-ins:** Walk-ins are from some seekers who arrive at the HRD department of SSML in search of a job; Write-ins are those who send a written enquiry, both the groups are normally asked to complete an application blank to determine their interest and abilities. Usable application is kept in an active file until a suitable opening occurs or until an application is too old to be considered valid usually validity period is up to six months.

**Employee Referrals:** Employees may refer job seekers to the HRD department. Employee referrals have several advantages. Employee referrals are excellent and meet legal recruitments and technique, but they tend to maintain the status quo of the work force in term of race, religion, sex and other characteristics, which may possibly lead to charges of discrimination.

**Advertising:** Want advertisements describing the job benefits are most familiar form of employment advertising for filling up posts requiring highly qualified and technical personnel. Advertisements are placed in professional journals or out of town newspaper or in intercompany magazines in areas with high concentration of the desired skills. They can be selected through personal
interviews and verification of their certificates. SSML offers competitive salary which is commensurate with the experience and qualification.

The basic qualification for each job posting is as under,

<table>
<thead>
<tr>
<th>Area of operation</th>
<th>Qualification and eligibility level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>Degree(P.G / U.G) Fresh (or) Experienced</td>
</tr>
<tr>
<td>Quality Department</td>
<td>DTT / Fresh (or) Experienced</td>
</tr>
<tr>
<td>Maintenance</td>
<td>DTT / DME Fresh (or) Experienced</td>
</tr>
<tr>
<td>Workers</td>
<td>Minimum 5TH STD</td>
</tr>
</tbody>
</table>

3.16(2) Selection Process

The selection process is done after scrutiny of viable candidates. A Preliminary written test is conducted through a pre-planned questionnaire administered to the candidates. A personal interview is conducted to analyze the performance of the candidates during the selection process. Once the candidates are selected, an appointment order is issued by the senior manager to the selected candidates. In case of workers, SSML is considering the factors like Age (above 18 years), Finger flexibility, Eye sight and Colour Blindness. Workers selection will be on a temporary basis and made permanent on completion of one year of service in SSML.

3.17 Training and Development in SSML

Training is a process of learning a sequence of programmed job or work behaviour. It is application of knowledge. It gives people an awareness of the rules, procedures to guide their behaviour job performance. It attempts to improve their performance on the current job or enables to prepare them for an intended job. Development is a related process. It covers not only those activities which improve job performance but also those which bring growth of the personality; help
individuals to the progress towards maturity and actualization of their potential capacities, so that they become not only good employees but better citizens. Organizational excellence is achieved only through continuous investments in growth, development and renewal of human resources.

A detailed training and development plan is drafted and implemented each year, which comprises level-wise planned interventions as well as specific need-based interventions through Training Need Analysis. This equips the team to excel in their current roles while preparing them for future roles. There is a great emphasis on behavioural and attitudinal training apart from technical and on-the-job training. In organizational terms, it is intended to equip person to earn promotion and hold greater responsibility. There are many types of training provided for employees of SSML. They are,

**Induction Training** : In the induction training, the employees are educated with the origin of the company, vision, mission, objectives, procedures, authority, working hours, rules and regulations and all the other details relevant to their work environment. By this training they get acquainted with the SSML environment.

**First – Aid Training** : Since SSML is a manufacturing concern, workers at the factory outset are prone to accidents, so the employees are trained to give first – aid treatment to injured person and also to safe guard themselves against such hazards. The first aid box is made available in all the departments.

**Disciplinary Practices Training** : The Company strictly follows the rules and regulations of the company. The same is expected from the employees and the
new comers. For this, the new employees are explained about the rules and regulations of the company.

**Quality Management Training** : Employees selected for the technical area are given training in Quality Control, to check the product (cotton and yarn) at stages as the product passes through various phases and departments. The corrections are adjusted then and there in each department as the product is processed.

**Material Handling Training** : SSML fully deals with the machineries of production. The employees in the production area are given training to learn about all the technical functionalities and operations of machineries.

**Humidification Plant Training** : Humidity varies due to seasonal changes. To maintain the suitable humidity in cotton, the employees are trained to maintain the temperature.

**Fire Fighting Training** : The new employees are trained as to how to use the fire and safety equipments in the working premises so as to avoid human destruction.

**Electronic Yarn Clearer (EYC) Training** : New employees have to undertake EYC training. It will be conducted by HRD department. All the new comers will be kept under the supervisors of the respective department until the employees are trained completely.

**Other Training Programmes** : These include Internal quality audit, Leave and absenteeism counseling class, Personality development classes and Born to win class are provided to relevant employees.
3.18 Performance Management Appraisal and System in SSML

Performance appraisal is the process of assessing employee’s past performance, primarily for reward, promotion and staff development purposes. ‘Performance appraisal (is) a process that identifies, evaluates and develops employee performance to meet employee and organizational goals’. Performance appraisal doesn’t necessarily use to blame or to provide a disciplinary action. Performance appraisals are now more clarified and they concentrate on developing organizational strengths and employee performance. Good performers are promptly recognized and rewarded. The performance appraisal is done by the supervisors based on the productivity of individual employee in case of technical and production area. Feedback is shared on an on-going basis and reward and recognition are linked through measurement of Key Result areas. Relevant suggestions are given to the employees for correcting deviations and accordingly necessary training is given to improve and update them.

3.19 Rewards and Motivation in SSML

Employees are duly recognized and motivated according to their quantity and quality of output, work safety record and attendance, labor cost savings, materials cost savings, reduction in accidents and services cost savings. The “Best worker” of the company is appreciated with gift hampers and promptly recognized on special occasions. The employees are rewarded with the gifts for not taking leave in any of the working days of SSML. The employees are permitted to take 1 day leave for every 20 working days. If a worker attends 300 working days in a year, he is entitled to get 20 days of salary as incentives.
3.20 Welfare and Safety Measures in SSML

Employee benefits and services were formerly known as fringe benefits and these benefits were primarily of in-kind payments that employees receive in addition to payments in the form of money. In addition to paying employees fairly and adequately for their contributions in the performance of their jobs, SSML assumes a social obligation for the welfare of employees and their dependents. Employee benefits are usually inherent components of the system and the non compensation system are also made available to employees.

SSML provides purified water to employees. There is no sexual harassment. Adequate safety measures are taken to ensure non hazardous environment. If any employee is met with accident inside the company, they will be taken at once to the nearest hospital for treatment. If the employees work for half overtime, the company is providing snacks and for full overtime, the company is providing snacks with Tiffin. Free bus facility is provided to the employees for their commutation. Highly hygienic rest rooms are separately made available for both male and female employees. Mask, aprons and uniforms are provided for every employee in SSML. Loan facilities are provided for buying home appliances and two wheelers. Subsidized Canteen facilities are available. ESI, Bonus and loans are provided by the co-operative society. Every employee is insured in SSML. The employee who has put 5yrs of experience will be provided with the gratuity. Helping loans are provided for the employees’ for their children education. Free medical checkup, health care medical facilities for each employee is arranged at periodic intervals.

Employees are given Medical leave (8 days), Casual leave (12 days) and Paid leave (Leave with wages – 30 days) apart from regular holidays. Employee grievances
are adequately taken care off. A complaint box is kept inside the mill premises for grievance handling. The working condition of employee is very hygienic as SSML is an ISO 9001-2000 Certified company. The company always strives to make employees feel a part of the SSML family.

3.21 Communication Process in SSML

Communication is the method of conveying information from one place to another place (or) from one person to another person in SSML. It is a widely agreed fact that communication barrier exists in the organization. Normally, the message related to the personal benefits / promotions / transfers / trainings / miscellaneous matters of the concerned department is received in advance through a circular or through a communication in notice boards. Moreover, employees are free to express their suggestions / responses to the superiors directly. A suggestion and a complaint box are kept in the mill premises to invite valuable ideas and feedback on the existing practices. Regular purpose meetings are also held as and when required to communicate with employees.

3.22 Employees’ Participation, Trade Unionism and Industrial Relations in SSML

SSML believes that employee involvement is the key factor to the continuous improvement, sound decision-making and developing an open and transparent organization. Open forums provide opportunities to employees to share their views regarding people policies and new ideas. This ensures a foundation for people centric policies. Latent creativity among organizational members is tapped through Suggestion Schemes in units. There are “2 employees unions” in SSML, both in support of political parties (DMK and AIADMK). These trade unions negotiate for
the common objectives, job security, uniformity in pay scale and other allowances. It was significant to note that the majority of the employees have become members in anyone of the unions. It was observed that generally employees preferred to join unions.

3.23 **Summing Up of HRM Practices of SSML**

This section of the chapter brings out the significance of human resource management practices in clear terms. The various human resource management practices adopted by the management of SSML, Salem have been elaborated with a view to highlight the existing aspects of HRM practices. This would help the researcher to relate the prevailing HRM practices to the perception leading to the organizational commitment of the employees / study respondents and the results would enable the company to fine tune their HRM practices so as to maximize the whole hearted involvement and commitment of their employees in providing best production and service performance so that continuous financial performance will be achieved by SSML.