CHAPTER III

MATERIAL MANAGEMENT

Material is stated to be 'anything consisting of matter as opposed to spiritual'. However, in common parlance, 'material' is that which becomes a part or whole of a product. In the sense of manufacturing, the term 'material' is restricted to many descriptions such as direct material, process material, stores material, construction material, raw material etc. and the term used in our study is the term of raw material. In great majority of cases, finished product of one industry is the raw material of another. Here we are concerned primarily with 'yarn' and Dyes and Chemicals as the raw materials for our handloom products. The term 'management' refers to decision making. Hence, material management is nothing but a process of decision making while acquiring the raw materials taking into account the cost, supply, quality, quantity etc. aspects.

Material Management is that aspect of management function which is primarily concerned with the acquisition, control and use of material needed and flow of goods and services connected with production process having some pre-determined objectives in view.¹

The basic raw material required for any handloom production is the mill-spinned yarn. In Tamilnadu the private sector mills are the major suppliers of yarn. It is obligatory on the part of the Government to supply the required yarn to the weavers' co-operative societies at reasonable prices. To provide sufficient yarn for this purpose, Government of Tamilnadu had started 18 co-operative spinning mills with an installed capacity of 4.50 lakh spindles.\(^1\) Besides, Tamilnadu Zari unit with an installed capacity of 1000 Marc's per month has been set up at Kancheepuram. In order to avoid malpractices and losses, the government has instructed its own spinning mills to supply yarn to the societies on priority basis only.

In Tamilnadu there are 60,000 handlooms in 1800 Co-operative societies.\(^2\) Hence the government is unable to make regular and continuous supply of yarn to those societies at reasonable prices at all times. So the priority basis system is advocated in Tamilnadu. The co-optex procures yarn from the co-operative spinning mills and supplies to the weavers'co-operative societies at reasonable prices.

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1. The Hindu, Madurai, 22nd July 1989, p.3.
2. Ibid.
During the year 1956, The Directorate of Handlooms and Textiles was formed. The Tamilnadu Handloom Development Corporation was established in the year 1964. These two organisations are promoting the handloom industry to a great extent. The Directorate is planning and implementing programmes for the development of the industry. For which it has district level regional offices. The technical and administrative wings of the regional offices are responsible for the formation, management, inspection and also the handloom development schemes. Hence the overall responsibility of the industry lies in the hands of the Directorate only.

The Co-optex supplies yarn at control rates but the supply is insufficient. Hence the societies are purchasing the yarn in the open market also. The cost of yarn is more in those societies which make open market purchases. Even though it is obligatory on the part of Co-operative spinning mills to supply the entire production to Co-optex, there is a tendency of these

mills to sell the yarn to the private sectors than the co-optex, since the co-optex always effects delayed payments. This situation is exploited by the master weavers in their favour by procuring yarn from the co-operative spinning mills directly or indirectly from the open market. Moreover the co-optex does not hold sufficient stock of yarn to satisfy the needs of the co-operative societies. So the societies make their purchases in the open market at whatever price prevailing in the market. Since the prices of different varieties of yarn in the open market are increasing day-by-day, such purchases directly affect the co-operative societies only. The survey indicates that the inefficient performance of co-optex directly affects the operation of co-operative societies resulting in a low standard of living of the members of the societies.

The main reasons for the continuous increase of yarn prices in the open market is due to the policy of the Central Government in exporting the raw-cotton and varieties of yarn. This creates an artificial demand in the open market and affects the entire working of the co-operative societies.
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Variety of Yarn</th>
<th>Unit Kg.</th>
<th>Price in 1-7-‘88 Rs.</th>
<th>Price in 30-6-‘89 Rs.</th>
<th>Increase as percentage on the opening price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cotton 100\textsuperscript{S}</td>
<td>4.5</td>
<td>602</td>
<td>819</td>
<td>36.04</td>
</tr>
<tr>
<td>2.</td>
<td>Cotton 80\textsuperscript{S}</td>
<td>4.5</td>
<td>468</td>
<td>630</td>
<td>34.61</td>
</tr>
<tr>
<td>3.</td>
<td>Cotton 60\textsuperscript{S}</td>
<td>1</td>
<td>298</td>
<td>418</td>
<td>40.26</td>
</tr>
<tr>
<td>4.</td>
<td>Art Silk 75\textsuperscript{S}</td>
<td>1</td>
<td>196</td>
<td>247</td>
<td>26.02</td>
</tr>
<tr>
<td>5.</td>
<td>Art Silk 120\textsuperscript{S}</td>
<td>1</td>
<td>97</td>
<td>136</td>
<td>40.20</td>
</tr>
<tr>
<td>6.</td>
<td>Art Silk 150\textsuperscript{S}</td>
<td>1</td>
<td>110</td>
<td>145</td>
<td>31.81</td>
</tr>
<tr>
<td>7.</td>
<td>Art Silk 2/120\textsuperscript{S}</td>
<td>1</td>
<td>122</td>
<td>163</td>
<td>33.60</td>
</tr>
</tbody>
</table>

Source: Survey Materials.
The Table 3.1 indicates the varieties of yarn used by the societies along with their price at the beginning and end of the year. The percentage of increase in the price ranges from 26.02% (Minimum) to 40.26% (Maximum) and the average being 33.09%. This exorbitant rate of increase is due to the recent policy of the Central Government is exporting all types of yarn to foreign countries.

The survey further indicates that the rise in prices of cotton yarn is not only due to the export policy of the Government but also to the steep increase of the prices of the cotton itself year by year. Moreover the cost of raw cotton accounts for nearly 60% of the yarn price.¹

Hence the Government of India have taken the following corrective measures to check the rise in prices of cotton yarn.

(a) Export of Staple Cotton has been suspended.

(b) Import of cotton has been permitted against the present practice of export of cotton yarn/cotton fabrics and made ups on advance license basis.

(c) Export of 60⁵ counts Cotton Hank Yarn has been stopped.

With these measures the prices of yarn have started showing a declining trend for the time being only. At present, again, the prices have gone up. Hence some special concessions have been announced in the budget speech of 1988-89 as below.

i) Concessional rate of excise duty at 10.56 per Kg. on polyester filament yarn used in the production of Polyester fabrics, under a Programme approved by Development Commissioner for handlooms.

ii) 50% concession on Viscose (Polyester) filament yarn when purchased by registered handloom Co-operative societies.

In addition to these measures, the Government of Tamilnadu has implemented a special scheme called 'Yarn for Power'. Under this scheme, hank yarn is being supplied to handloom weavers at concessional rates which are 12 rupees per bundle of 4.54 kg for all counts except 2/17 counts than the prevailing market rates. For 2/17 counts the reduction is Rs.13.20 per bundle. It is understood that approximately 5400 bales have been supplied so far to handloom weavers under this scheme.

If at all the Government continues this scheme for ever, it will be a boon to all the co-operative societies. On the other hand the Central Government has approved of the import of one lakh bales of cotton duty free for production of hank yarn for delivery to the handloom sector. The price advantage arising out of importing cotton will be passed on to the handloom sector. It is understood that Tamilnadu Government after negotiation through CCI, has contracted from Pakistan and Sudan approximately 28000 bales of cotton for import.¹

Even then the price advantage of yarn has not reached the poor handloom weavers but indirectly benefiting the master weavers and hence the price is always in the increasing trend affecting the working of the co-operative societies.

**Procurement Policy of Weavers' Co-operative Societies:**

All the co-operative societies require:

(i) Cotton yarn
(ii) Polyester yarn
(iii) Jari as raw material for the production of

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¹ Ibid.
(a) Cotton lungies and Sarees
   (60s, 80s & 100s counts)
(b) Polyester shirting pieces
(c) Art silk sarees and Pavadai (Pettycoats)
(iv) Chemicals for dyeing.

The weaver dyes it, sizes it and puts it on warp before weaving it into cloth.

**Procurement of Cotton Yarn:**

The requirements of cotton yarn of the Primary Weavers' Co-operative Societies are supplied by the Co-optex of Tamilnadu Government which has 22 yarn depots. The Co-optex makes outright purchase of yarn from the 18 co-operative spinning mills, owned by the Government of Tamilnadu. If the desired counts of yarn are not manufactured by these mills, then the co-optex can procure the same from the Tamilnadu Textile Corporation Spinning Mills and other Private Sector Spinning Mills.

**Procurement of Polyester Yarn:**

The Co-optex supplies the man-made fibres, polyester blended yarn and 100% filament yarn to the
selected weavers' co-operative societies in order to meet the demand for such fabrics. In Tamilnadu there are 3 polyester spinning mills viz. South India Co-operative Spinning Mills Ltd. Tirunelveli, Salem Co-operative Spinning Mills Ltd. Salem and Bharathy Co-operative Spinning Mills ltd. Ettayapuram, supplying the polyester yarn to the co-optex.

The Tirunelveli and Salem Mills are the major producer of cotton yarn and polyester yarn on a small scale basis only, whereas the Ettayapuram Mills is the specialist in the production of polyester yarn. All these mills are supplying their major portion to the selected yarn units of co-optex.

Procurement of Art Silk:

Until 1987, the primary weavers' co-operative societies were directly purchasing their full requirements of art silk from the South India Viscose Ltd. because only after Feb.1988 the Co-optex started buying and supplying of art silk to such co-operative societies at the rate of 34 tons per month and this practice continues till now.
A decade of raw materials supply by co-optex to the weavers' co-operative societies from 1977 to 1987 in respect of cotton yarn and polyester yarn are shown in the Table 3.2 below.

**TABLE 3.2**

**Raw Materials supplied by Co-optex to the Weavers' Co-operative Societies**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1977</td>
<td>25097</td>
<td>94424</td>
</tr>
<tr>
<td>1978</td>
<td>27885</td>
<td>134892</td>
</tr>
<tr>
<td>1979</td>
<td>30983</td>
<td>149880</td>
</tr>
<tr>
<td>1980</td>
<td>34425</td>
<td>166533</td>
</tr>
<tr>
<td>1981</td>
<td>38250</td>
<td>222045</td>
</tr>
<tr>
<td>1982</td>
<td>42499</td>
<td>277556</td>
</tr>
<tr>
<td>1983</td>
<td>47221</td>
<td>346945</td>
</tr>
<tr>
<td>1984</td>
<td>52467</td>
<td>385495</td>
</tr>
<tr>
<td>1985</td>
<td>58296</td>
<td>428328</td>
</tr>
<tr>
<td>1986</td>
<td>56269</td>
<td>475920</td>
</tr>
<tr>
<td>1987</td>
<td>93849</td>
<td>528800</td>
</tr>
<tr>
<td></td>
<td>5,07,241</td>
<td>32,01,818</td>
</tr>
</tbody>
</table>

Source: Unpublished records of Co-optex.
The societies have two sources of supply viz. Co-optex and private mills or traders. All the societies will prefer Co-optex as their primary source of supply. However before purchasing yarn from the private traders in the open market, they have to obtain a certificate of non-availability of raw material from the Co-optex and also the permission letter from the Assistant Director of Handlooms and Textiles. However for credit purchases by the societies, the permission from Assistant Director was not required. But from the year 1987-88, the societies should get prior permission from the Assistant Director for both cash and credit purchases.

Problems of Cost and Supply of Raw Material:

It is vivid that the survival of handloom industry depends upon the supply of varieties of yarn only. But it is a big problem to them to get the required raw material at a cheaper cost. They have to pay an unnecessary cost of one-fourth portion towards reeling, bundling, baling, transport and other incidental charges of the mills and the middlemen over and above the yarn cost, besides the levy of sales tax.
and other duties. Unless due weightage is given to these cost handicaps, disposal of handloom fabrics on a self-sustaining basis becomes difficult. Rural area weavers are much affected by this cost.

The very survival of the handloom industry needs a constant and uniform flow of raw materials for the smooth and continuous production of handloom clothes, but the problems of raw material supply have become highly complicated, now-a-days in view of the wide range of price fluctuation. The price fluctuation is in very high degree in this industry. It affects directly the welfare of the weavers and their survival itself, resulting in a wide range of unemployment or under-employment to them. Though they have looms and are physically fit to work, they are forced to be idle, whenever the price of yarn goes beyond their control. Their purchasing power is always very less and almost inelastic. Moreover the indirect threat from the master weavers also affects their survival. In order to avoid such situations, the Government has appointed a committee headed by the Director of Handlooms comprising the representatives of co-optex, co-operative spinning mills and weavers' co-operative societies to fix the fair price of yarn.
The survey reveals that 38% of the members do not really work for the societies of which they are members, but they go and work for the master weavers. It is due to the fact that they are unable to get regular supply of yarn and fair wages for their labour. This tendency will slowly affect the growth of the handloom industry itself.

This gross under-utilisation or out of operation of the members' loom is wholly responsible for the indifferent attitude of the apex organisation, the co-optex. Their inefficiency to maintain steady supply of quality yarn at reasonable price and to lift the furnished fabrics on continuous basis from the members have been the major drawbacks from which every co-operative society suffers.

Quality Control by Co-optex:

The term 'quality' refers to the excellent features of the subject. In Co-optex, it refers to the suitability of the product in terms of customer needs. Hence it aims for 'the production of right type of goods and services at reasonable cost'. In Co-optex, quality control plays a dominant role in ensuring that, the
product is produced in accordance with the taste and preference of the customers.

Since the co-optex supplies raw material to the weavers' co-operative societies, the production made by them depends upon the quality of the yarn supplied by co-optex only. Hence co-optex gives greater importance to the quality control aspects. Moreover the finished fabrics are to be taken over from the co-operative societies for their own sales. In co-optex, the quality requirement may include, but not limited to:

1. Specification
2. Weight
3. Ends
4. Picks
5. Length
6. Width
7. Colour
8. Dyeing
9. Value for price
10. Reliability
11. Packing
12. Despatch

Hence the Quality Control requires constant follow-up, emphasis and programming for accomplishment.
So they make effective implementation of control measures to maintain quality of handloom fabrics by supply of quality controlled yarn to the weavers' co-operative societies.

**Quality Control of Yarn:**

Quality of fabrics is the prime responsibility of the production manager whereas the quality of yarn is the prime responsibility of Quality Control Supervisor who shall check the yarn and other raw materials received by yarn godown of co-optex. He shall also utilise the services of testing organisation like Institute of Handloom Technology, Salem, Tamilnadu Textile Corporation, Coimbatore, Testing Laboratory and or Research and Development Wing of reputed mills, SITRA of Coimbatore, SASMIRA of Bombay etc.

If any complaint is received from any primary weaver co-operative society regarding the quality of yarn or short length, the same shall be sent by him to the mill, concerned copy to the Head Office, Quality Control Division and necessary follow-up action shall be taken and the results intimated to the head office. The
survey reveals that such system of co-optex actually protects the weavers from exploitation, beyond doubt. Moreover the Quality Control Supervisor has to receive all the complaints and classify the details of complaints mill-wise and shall store them in the computer and report the same in the yarn committee meeting. He can send a report to the Director of Handlooms and Textiles if the complaints are repetitive in nature.

In co-optex, he is permitted to buy a small quantity (sample) of yarn in the open market and compare the same with the yarn supplied to the co-optex yarn department by the same mill and if any variations found out in the test, it shall be taken up with the M.D. of the mill concerned.

The Quality Control Supervisor makes periodical visits to the societies and ascertains whether the yarn supplied by them can be fit for weaving in respect of

(a) Softness and absorbing for Terry Towels
(b) Sharpness for lunghies
(c) Luster for finer counts dhoties.
He collects both adverse and favourable reports from societies in respect of lesser weight, short length, extent of twist etc. and shall store them in the computer as mill-wise, society-wise, product-wise etc. Such information stored by computer for each mill will indicate the details of inspection regarding the quality count-wise, the nature of defects, the extent of variations, action taken etc. and it should be reviewed by the Quality Control Manager from time to time. Hence the Quality Control Supervisor applies random sampling method for atleast 5% of the units received to confirm to the prescribed techniques of statistical quality control. If possible, re-checking is also conducted to avoid the production of defective products in the near future.

Hence the study reveals that there is a strict quality control system in co-optex and the yarn supplied to the members of the societies are of good quality only, but in short supply. However the researcher finds that the quality cannot be inspected cent percent by Quality Control Supervisor. The quality must be built in. So the primary weavers' co-operative
societies and Quality Control Supervisor must get educated in the salient features of quality control by training programmes organised by co-optex explaining to them about the quality specification, no matter how simple the specification is.

Therefore, the researcher ascertains that the quality of any product is the ultimate result of the quality of raw material consumed, production technology and the method of packing till it is despatched or marketed. With regard to handloom products, the quality entirely depends upon the raw material only.

The co-optex maintains a very good quality of raw material, whenever it purchases from the 18 co-operative spinning mills. At times the purchases effected in open market or from the private sector mills prove to be substandard ones and due to the credit policy (abnormally delayed payments) of co-optex. Under such situation it directly affects the weavers and their work. Hence the Government should take steps to effect prompt payments to the suppliers of co-optex at any cost, so that the required quantity and desired quality of raw material can be maintained at all levels.