CHAPTER

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6.1 INTRODUCTION

Indian Textile Industry is inextricably intertwined with social, cultural and religious lives of the country and has made voluminous contribution to industrial output and export earnings. As regards employment generation, it provides the largest source next only to agriculture. Cotton textiles are considered the major role player in Indian economy. Textile activities in India have been grouped as ginning of cotton, spinning of cotton, synthetic and woollen yarn, weaving of fabrics and knitting of hosieries and value adding processing encompassing dyeing and printing and finishing of fabrics.

Small independent processing houses performing nearly 90 per cent of the industry’s processing and finishing in India, tend to employ very low-end technology and undertake work for job orders. They lack in modernization, process and fundamental pretreatment, quality control in dyeing and printing, colourants used, colour fastness, professionalism, adherence of ecological parameters and so on. Out of the 10,397 hand processing units in the country, 2614 hand processing units are located in Tamil Nadu. Similarly, out of 2510 power processing units in India 985 power processing units are located in Tamil Nadu.

In Erode district, as many as seven mechanized processing mills in medium and large-scale sector, about 30 semi-mechanized processing units and around 1200 manually processing tiny sector units have been engaged in dyeing of yarn, cloth and printing of fabrics providing employment to 18,000 skilled and unskilled labourers. These units mainly face problems like lack of modernization, improper effluent disposal, as the concept of Common Effluent Treatment Plant has not worked in this district due to wide dispersal of units. While the two ends of the textile
chain – spinning and the garment sectors – have made headway through cost cutting, capacity expansion and technology upgradation, the weaving and processing sectors have not kept the same pace. Not surprisingly, these sectors are considered as the weak links in the integrated structure of the textile industry.

The TCTP is chosen due to the fact that it is the only unit dealing in textile processing among the state sponsored co-operative institutions in Tamil Nadu and one among the two in the whole of India. A number of textile processing units are situated in and around Erode due to the locational advantage of Erode, which is well supported by Cauvery and its tributaries. This study is an attempt to analyse the TCTP mills and its real stand as to appraise its financial and production performance and eco-friendly consciousness and socio economic status, performance and attitude of its human resource and to offer suggestions for improvement.

Census survey is adopted to collect primary data in relation to socio-economic status, performance and attitude of the workers of TCTP mills. Judgment sampling is followed to collect primary data from two private units A & B, for the comparative study of the socio economic status, performance and attitude of the workers with the study unit.

Secondary data were collected from the publications of the Government of India, the Government of Tamil Nadu, Department of Handlooms and Textiles and the records of the study Mills And the two private units for comparison to examine the working performance of the mills. The period of data collection pertained to December 2010 to February 2011 for the TCTP mills and the two private units. The Ratio Analysis, Chi-square test, Multiple Regression Analysis, T- test, F- test, Trend Analysis, SWOT Analysis and TOWS Matrix have been applied to analyse the primary data.
6.2 MAJOR FINDINGS

The following are the major findings of the study:

In chapter III analysis of the financial and production performance of the TCTP mills Ltd., an attempt has been made to study the profile and to analyse the financial and production performance of TCTP mills Ltd. It is understood that the mills utilises 325 KVA out of connected load of 350 KVA electricity for Rs300 fixed charges payable per hour payable as in addition to the monthly electricity charges. Similarly, it utilizes 4000 kgs of steam per hour, 3000ltrs of furnace oil and 25 tonnes of firewood per day during season.

Dyes and chemicals are purchased directly from the manufacturing units in Mumbai and Ahmadabad and from the National Handloom Development Corporation.

The ISO 9001:2000 certification was awarded to the mills during the year 2007 for quality in performance. The mills has a fool proof effluent treatment system and it installed Reverse Osmosis plant to comply with pollution control norms of the Government of Tamil Nadu so as to achieve the zero discharge of effluent and re-use of water.

The performance of the TCTP mills is analysed based on its financial soundness in terms of liquidity, profitability, stability and solvency applying ratio analysis, production and sales performance applying trend analysis and cost using marginal costing technique.

On the whole, the current ratio of the mills was below the ideal level, because of the interest on loans which ranges between 30-40 per cent of the current liability. Though the mills had heavy interest commitments due to the huge amount of loans availed of towards its
inevitable modernization scheme, the funds were tactfully managed that the day-to-day operations of the mills were smoothly carried out. Quick ratio of the TCTP mills reflected the same position as the current ratio as it is less than the ideal ratio 1:1 in the beginning, much low in the year 2002-03 due to the decrease in debtors and revival trend from 2003-04 and equal to or higher than ideal ratio in the second half of the study period except 2010-11. As regards quick ratio, the mills was at its peak in the year 2007-08 by its considerable heavy investment in marketable securities.

The fixed assets ratio of the TCTP mills for all the 13 years taken for study is less than the ideal ratio 0.67. This trend, in general, reveals that the whole amount of long-term funds was not exclusively used for fixed assets and a part was used as working capital that eased the day-to-day business operations of the mills. Productivity showed a tremendous improvement and reached its peak during the year 2008-09 as its fixed assets were at its maximum.

The debt-equity ratio of the TCTP mills was above the acceptable ratio 1:1. It was high during the years 1998-99 to 2000-01 and 2003-04 and relatively very high in the years 2001-02 and 2002-03 indicating greater claim of creditors than the owners. This situation was quite unsafe as high level of debt brought inflexibility in the mills' operations due to the increasing interference and pressure from creditors that affected independent business judgment and sapped management energies. The low proprietary ratio of the TCTP mills which was even below the danger level of 50 per cent during all the years except 2010-11 revealed the great risk to which the creditors and investors were exposed to.
The gross profit ratio of TCTP mills was better from 2003-04 to 2007-08, as there was a general increase in trade income and gross profit, due to better business achievements of the mills and its expansion and the modernization programmes. Again fall in gross profit ratio during 2008-09, 2009-10 and gross loss during 2010-11 were due to intermittent closure of the mills by the Tamil Nadu Pollution Control Board (TNPCB) for effluent discharge, high amount of penalty paid and frequent power failure.

The net profit of the TCTP mills showed a fall in trend in the first five years of the study. The disproportionate fluctuation in net profit ratio implies increase in operational expenses, intermittent closure of the mills, frequent increase in fuel expenses, due to frequent power shut downs and declaration of lay-offs had further led to net loss in the last three years of the study.

The ratios of return on total assets of the TCTP mills moved parallel to its net profit ratio and its increase in fixed assets due to modernisation scheme had played a pivotal role in its further fall.

Return on shareholders’ funds ratio reflected the same trend as the net profit ratio except in the year 2003-2004 with the highest return on shareholders’ funds due to modernization and increased fabric processing capacity of the mills from 35,000 to 60,000 metres per day. Year 2006-07 showed steep fall in the ratio as the net profit had fallen down to 30 per cent comparing to the previous year and 20 per cent increase in the shareholder’s funds. The negative trend and ratios in the last three years were due to the net loss and increase in the shareholders’ fund.
The efficiency ratio of the TCTP mills was at its highest during the year 2003-04 due to the considerable hike in its turnover in relation to the increase in capital employed and the lowest during the year 2000-01 due to the lowest turnover during the period of study.

Fixed assets turnover ratio of TCTP mills was the highest during the year 2003-04 and the lowest during the year 1999-2000. The working capital turnover ratio of TCTP mills ranged between 1.01 and 2.73 during the study period with the lowest working capital ratio in the year 2008-09 due to the decrease in turnover.

The year 2010-11 showed the highest stock turnover ratio for the mills, it was not an indicator of favourable results, as it was not accompanied by a higher gross profit. Both 1998-99 and 2003-04 were the years of better inventory position as accompanied by better gross profit. Year 2004-05, even though showed a low inventory ratio, the stock position could be considered to be safe as it had helped to earn more gross profit.

The actual production trend is unsteady and unfavourable due to frequent power shed down, intermittent closure due to the interventions of the Tamil Nadu Pollution Control Board. The progressive steps to install new machinery to enhance its capacity utilization and production of more uniform cloth to cater to the additional requirement of student beneficiaries under the School Uniform scheme during 2002-03 led to the highest processing of cloth.

An increasing turnover trend is witnessed, because of the active measures to boost up sales and general inflationary trend of the economy.
The unsatisfactory P/V ratio for the three years 2000-01, 2001-02 and 2002-03 was due to fall in turnover and disproportionate increase in variable cost. P/V ratio for the years 2008-09, 2009-10 and 2010-11 was at a danger level due to the payment of penalty to the TNPCB, frequent power shed down and lay-offs declared in addition to fall in turnover and disproportionate increase in variable cost.

The mills had the lowest break-even point during the year 2004-05 due to fall in fixed cost and better P/V ratio comparing to the previous year. Years 2009-10 and 2010-11 showed a high break-even point as the fixed costs were at the highest and a very low P/V ratio in these two years.

During the Year 2001-02, the mills had a low margin of safety with low P/V ratio and profit and during the year 2005-06 it had the highest margin of safety coupled with highest profit and considerably better P/V ratio. The last three years signaled no margin of safety due to net loss, demanding war-footing steps for revival.

In the comparative analysis of financial performance done on the basis of ratios for five years from 2005-06 to 2009-10 with two private Mills A and B located in the same area, carrying out the same textile processing work, the performance of the TCTP Mills is better than Mills A as regards liquidity and profitability. When compared with Mills B, the TCTP Mills performed better with regard to liquidity, stability, profitability and turnover.

Despite the fact that private mills A and B have similarities with regard to the TCTP Mills in terms of locale, the disparity in abiding by government norms in labour laws, execution of the welfare schemes, administrative formalities and powers and strength of labour unions are
to be duly considered. In addition, the data have their own qualitative limitations, as auditing formalities at various stages are not very strictly followed by the private units, whereas it is made mandatory for the TCTP mills.

In chapter IV, socio-economic status, performance and attitude of employees of TCTP mills ltd have been discussed.

Out of the total 250 permanent workers, 245 (97.5 percent) were male and only 5 (2.5 percent) were female, and all the female workers were appointed on compassionate grounds.

A majority of 67.12 percent of the workers was in the age group of 36-55 years and the TCTP mills had not recruited workers on permanent basis in recent years.

Out of the workers, 91.2 percent were married, only 6.4 percent of the workers were unmarried and a negligible portion of workers under other categories.

The caste-wise classification showed that 79.6 percent of the workers belong to Scheduled Caste, 10.4 percent to Most Backward Community, 8 percent to Backward Class and only 2 percent of the workers belong to Scheduled Tribe.

Regarding the education status, 73.6 percent of workers were educated up to VIII standard level, 15.2 percent up to X standard and 11.2 percent above X standard. A majority of 61.6 percent of the family members of the respondents were educated up to VIII Std, 8.4 percent with ITI certification, 16 percent with Diploma and 5.6 percent with Degree qualification indicated a positive attitude of the workers towards educating their children.
Nearly 95.2 per cent of the workers have taken this work on non-hereditary basis and only 4.8 per cent have taken this occupation on hereditary basis.

The present analysis brings out the fact that 85.6 per cent of the workers had a family size of 4-5 members, 8 per cent had 6-7 members in the family and 6.4 per cent have 2-3 members. A majority of 96.4 per cent of the workers had two or more than two male members in the family, 62.4 per cent had two female members, 27.2 per cent had three or more than three female members, 10.4 per cent had one female member and 3.6 per cent had one male member in the family.

The analysis also brings out the fact that, 28.8 per cent of the workers' had one member in the family employed, a negligible portion of 0.4 per cent (only one family) had two members employed and in majority 70.8 percent of the families, the workers are the only bread earners and that 54.8 per cent of the workers earned Rs.8000 - 9000 and 45.2 per cent of the workers earned Rs.7000 – 8000.

It is evident from the study that majority of 51.6 per cent of the household income of the respondents were Rs.12,000-14,000, 39.2 percent got Rs.10,000-12,000, 8.8 per cent received Rs.8,000-10,000 and only 0.4 per cent (one respondent) fell in the category of Rs.14,000-16,000 as house hold income per month based on the number of family members.

The study brings out the fact that 47.2 per cent of the workers spent Rs.2,501-3,000, 30.4 per cent of the workers spent Rs.3,001-3,500, 15.2 per cent of the workers spent Rs.3,500-4,000, 4.8 per cent of the workers spent up to Rs.2,500 and only 2.4 per cent of the workers spent above Rs.4,000 on an average, for the food expenses of their families.
It is also seen from the analysis that 88.8 per cent of the respondents do not spend on house rent as they live in their own houses or houses taken on lease and 9.6 per cent spend Rs 751-1,000 per month and 1.6 per cent spent above Rs 1000 per month as rent. Majority of the workers avail of loan to construct houses from the Tamil Nadu Cooperative Textile Processing Mills Employees Cooperative Thrift and Credit Society Ltd.

The study reveals that 85.6 per cent of the workers spent Rs.751-1000 per month, 10 per cent of the respondents had spent Rs.501-750, 4 per cent of the respondents up to Rs.500 and only 0.4 per cent (only one respondent) spend above Rs.1000 per month towards clothing expenses which is not only influenced by the number of members in the family, but also by their life style.

It is clear from the analysis that 35.2 per cent spent Rs.1501-2000, 32.4 per cent of the respondents spent Rs.1001-1500, 23.6 per cent of the respondents spent Rs.501-1000, 5.6 per cent spent up to Rs.500 and only 3.2 per cent of the respondents had shown expenses above Rs.2000 on education per month which varies with the number of children educated, their level of education and the respondents' spending capacity.

The survey reveals that 94 per cent of the respondents spent up to Rs1000, 332.8 per cent spent between Rs 1001-2000, 29.6 per cent spent between Rs 2001-3000, 2.8 per cent spent between Rs 3001-4000 and 0.8 per cent above Rs 4000 per month as household expenses that is in direct proportion to number of members and cost of living.

Among the workers 86.8 per cent saved up to Rs.500 per month, 7.6 per cent of the respondents saved Rs.751-1000, 4.4 per cent of the
respondents saved Rs.501-750 and 1.2 per cent of the respondents saved above Rs.1,000 per month as they were able to save only a little amount due to the increasing cost of living and inevitable expenditures.

A majority of 9.2 per cent of the workers saved in chit funds and banks 97.2 per cent and only 25.6 per cent saved in post offices and manage to find a balance between return and risk factors.

As much as 58.4 per cent of the respondents did not own asset, in the form of land. 28.4 per cent of the respondents own land worth Rs.1,00,001-2,00,000, 9.2 per cent of the respondents own land worth Rs.2,00,001-3,00,000 and only 4 per cent of the respondents own land worth up to Rs.1,00,000 indicating their difficulty to mobilize funds to invest on lands and use them for productive purposes.

The study shows 81.2 per cent owned building worth Rs.2,00,001-4,00,000. As much as 4.4 per cent of the respondents had building worth up to Rs.2,00,000, 3.6 per cent of the respondents own building worth Rs.4,00,001-5,00,000 and 10.8 per cent of the respondents did not possess own building. The buildings owned by the respondents were used for dwelling purpose or kept idle that it hardly gained any income.

The analysis shows 30.8 per cent of the workers did not own livestock. 26.8 per cent owned livestock worth of Rs.2,001-4,000, 17.6 per cent had livestock valued at Rs.4,001-6,000, 13.6 per cent owned livestock worth Rs.6,001-8,000, 7.6 per cent of the respondents owned livestock worth up to Rs.2,000 and 3.6 per cent owned livestock worth Rs.8,001-10,000. Modern way of living, water contamination caused due to pollution, meager amount of income from livestock and inconveniences did not encourage them to rear cattle.
As much as 33.2 per cent of the respondents earned Rs.401-600 as income per month from livestock, 23.6 per cent earned up to Rs.200, 8 per cent earned Rs.201-400, 2.4 per cent earned Rs.601-800, 2 percent earned Rs.801-1,000 per month as income from livestock and 30.8 percent did not get any income.

Nearly 67.2 per cent of the respondents owned vehicles worth of Rs.2,001-4,000, 26 per cent owned vehicles valued at Rs.2,000, 6 per cent owned vehicles worth Rs.4,000-6,000 and only 0.8 per cent (only two workers) did not possess own means of transport. Considering the time factor the workers preferred to have at least a second hand two-wheeler and the TCTP Mills Worker’s Cooperative Society extended loan towards this on easy terms and conditions.

The survey reveals that 62 per cent of the workers spent 10-15 days, followed by 5-10 days by 30 per cent of workers, 15-20 days by 7.6 per cent and up to 5 days by 0.4 per cent on social functions and festivals supported by the mills with one time festival advance per annum.

The present analysis shows that 99.2 per cent of the workers did not prefer their children to work in the mills and wanted to be placed in better positions like government servants and other professional jobs.

Around 68.4 per cent of workers in the mills had a considerable experience of over 20 years, 28 per cent had over 30 years, 24 per cent had 11-20 years and 7.6 per cent had up to 10 years of experience in the mills. By gaining experience, the workers were promoted as machine men, earning slightly higher annual increment than the workers.

Almost all the workers (except a few) availed of the welfare facilities provided by the mills. i.e., Thrift fund, Group Insurance Scheme, Housing Loan, Medical Benefits, Festival benefits, EPF and so on.
All health, safety and internal quality control measures as per the regulations of the government and Factories Act are undertaken and Identity Cards are issued to all employees along with their Blood Group and address details. Free camps health, hygiene, industrial safety and awareness are conducted periodically to boost the morale, physical and mental health of the workers.

Tamil Nadu Cooperative Textile Processing Mills Employees’ Cooperative Thrift and Credit Society ltd established for the welfare of the permanent staff and workers of TCTP mills ltd extends credit facilities.

In the Workers’ performance appraisal done by the supervisors, the means and standard deviations of the scores of all the three supervisors exhibited their indistinguishable scores, more reliable and justifiable appraisal of workers highlighted the overall good performance of all the workers. The self-appraisal of the workers also indicated the overall good performance.

The view about mean scores is statistically tested using Paired Sample ‘T’ test and concluded that the supervisors had rated the workers better than the self and that has a positive impact on the functioning of the TCTP Mills Ltd.

In the analysis of the effect of personal variables on the workers’ performance rated by the supervisors, it is concluded that there is no significant difference between the workers’ performance in the average rating of supervisors on the basis of gender, age, marital status, caste, educational status, hereditary nature of occupation, income and workers’ experience in the mills.
Multiple regression analysis is applied to find the effect of personal variables on the workers’ average performance rated by supervisors. The multiple correlation coefficient is found to be 0.172 which is not significant at 5% level with the calculated F - ratio value being 1.230. The $R^2$ value indicates that the contribution of selected independent variable to workers’ average performance rated by supervisors is only 2.9 per cent.

In the analysis of the effect of personal variables on the workers’ performance rated by self, the multiple correlation coefficient is found to be 0.13 which is not significant at 5% level with the calculated F -ratio value being 0.700. The $R^2$ value indicates that the contribution of selected independent variables workers’ performance rated by self is only 1.7 per cent.

It is clear in the appraisal of workers’ attitude towards TCTP mills ltd that as regards the aspects of convenient working hours, regular supply of inputs, prompt payment of wages, payment of loans and advances, dignified treatment of workers, prompt payment of bonus, welfare facilities offered, working atmosphere, steps taken for medical treatment in case of accidents, management’s consideration towards workers, adequate training and medical camps, working conditions, participative management, inculcating thrift among workers and cordial relationship among workers, the respondents were reported to have favourable attitude. The workers have shown their slight displeasure towards regular employment, which is quite reasonable and unfavourable attitude towards taxing overtime work. On the whole favourable attitude shown towards the TCTP mills ltd., happened to be a valuable intangible asset for the mills.
In the statistical analysis, it is inferred that there is no significant difference between the attitude of workers based on gender, age, marital status, educational status, hereditary nature of the occupation, income, welfare facilities availed, over time wages earned and work taken up during leisure time towards the overall functioning of the mills. This attitude varies with the workers belonging to different castes.

In the multiple regression analysis applied, it is found that the personal variables namely age, educational status, income, number of days spent on social functions; over time, wages and experience in the mills have positive effect on the attitude of the workers on the overall functioning of the mills. The multiple correlation co-efficient was found to be 0.268 and the R square value indicates that the contribution of selected independent variables to the attitude of the workers is 7.2 per cent only.

For the first seven years of study, the labour turnover ratio was quite safe (3-5 per cent) and in the latter half of the period of study, it was high due to increase in retirement of workers and reduction in the strength of workers. The mills had been managed by temporary workforce during exigency.

The Tamil Nadu Cooperative Textile Processing Mills has six registered trade unions. The strikes conducted and recorded were mainly owing to fixation of bonus and ex-gratia for Diwali during the years except a one-day strike during 2007-08. Though, in the later years mills could function without lay off because of State Government’s consistent support through orders from Uniform
Scheme, the mills faced closure for 90 days during the year 2010-11 on account of the direction issued by TNPCB for the reported non-compliance of pollution control norms and resulted in a loss around Rs 40 lakhs per month causing serious socio-economic crises.

There are numerous health and safety issues due to exposure to fibre, dust, chemical, gas, noise and stress like general body ache, aches in calves, hips, back, leg and shoulders; nasal cataracts, irritating coughs, irritation of the respiratory system, respiratory allergies, respiratory tract infections, lightness of chest, lungs infection, bronchial problems, heat stroke, eye problems, nasal or bladder cancer, musculoskeletal disorder, carcinogenic risk, allergies and permanent hearing damage.

To relax and divert from work related stress the main habits generally found among workers are tobacco chewing, gambling, drinking, smoking, watching cinema and so on causing health hazards and socio-economic problems.

In the comparative analysis of the socio-economic factors of the workers in the TCTP mills ltd with that of Mills ‘A’ & ‘B’, it is concluded that the workers of TCTP mills are better than Mills A & Mills B as regards the highest educational qualification in the family of the worker, the number employed in the family, the monthly income of the worker, the average monthly income of the household of the worker and the years of experience of the workers. The workers are more or less equal in their average monthly savings.

The performance of the workers in self-appraisal is more or less the same irrespective of the mills in which they are employed.
The workers of TCTP mills ltd are rated better by their supervisors compared to the other two mills (based on their average performance).

The overall attitude of workers’ score of TCTP mills reveals a sheer good performance than the Mills A & B.

In Chapter V, eco-friendly measures of the TCTP mills ltd highlighted the problems of pollution, the role of textile processing and its environmental implications and eco-friendly measures undertaken in the TCTP mills are discussed. Until early 1980s in TCTP MILLS, effluent water was discharged in the nearby water bodies during which effluent treatment rules were not very stringent.

The mills started using VAT dyes from 1985-86 onwards, which was reportedly costlier and less polluting unlike other dyeing units used mostly reactive dyes. Similarly, sodium chloride (salt) has not been added in the processing activities and hence pollution was reported to be comparatively lesser in the TCTP Mills than that of knitting units in Tirupur. The Tamil Nadu Pollution Control Board directed the mills to establish full-fledged Effluent Treatment plant during 1985-86. As a first step an Air Blower was installed and during the process, sludge was settled and water was treated and let off. The entire quantity of effluents collected from both dye bath and wash water was not separated during that time. During 2001-02, separate tanks were constructed for dye bath as well as wash water. This step was taken as to decolour the water in the Dye bath because there was hue and cry among the ryots who lived aside of river banks of Cauvery, Noyyal and Kalingarayan Canal. The water flowing in these rivers was reported to have been in multi colour due to pollution. Therefore, it was mandatory to install a
foolproof Effluent Treatment plant. It was decided to set up the Reverse Osmosis and Reject Management Systems in the existing mills premises. The Action Plan for setting up of RO and RMS was chalked out and in the month of July 2007, finally installed in January 2009. In addition to the Existing five Electro Magnetic Flow Meters the mill installed four additional Electro Magnetic Flow meters in 2010 and seven more Electro Magnetic Flow Meters in April 2011 and the mill connected all its Electro Magnetic Flow Meters with Tamil Nadu Pollution Control Board Head Office in ‘On-line’. It was evident that the mills took all possible steps without delay to comply with environmental standards and pollution control norms.

6.3 SWOT ANALYSIS

SWOT analysis is used to identify the strengths, weaknesses, opportunities and threats faced by the study unit. The findings are enlisted as below.

6.3.1 Strengths

The strength is a capacity for gaining strategic advantages over competitors by using its strong areas or attributes to overcome weaknesses and capitalize to take advantage of the external opportunities. The study unit has the following strengths.

• The only processing unit in the Cooperative sector in the entire Southern Region.

• Situated in the heart of the Erode, the Textile City, with the maximum locational advantage of rich water resources from the tributaries of Cauvery River and is well connected with modern means of transport and communication.

• The only mill in the Southern Region to have the capability to undertake bulk polyester blended woven processing.
• Capacity to process 18 lakhs metres polyester blended fabrics per month, the highest compared to other medium private units in Erode area.
• Good quality control ensured as the quality of dyes and chemicals monitored by the laboratory.
• Reverse Osmosis system installed at a cost of Rs 1.5 crores.
• Qualified and experienced technical team as well as experienced administrative set up.
• Ensured high value processing order for the Uniform Scheme implemented by the Government of Tamil Nadu for more than 100 lakhs meters / per annum.
• Excellent relationship with all the customers.
• Holding prestigious customers like Tamil Nadu Police Department, Khadi and Village Industries Board of Tamil Nadu, Karnataka State Handloom Development Corporation and Kerala State Handloom Development Corporation for many years.
• Satisfactory debt equity ratio and stock turnover ratio, revival of proprietary ratio in the second half of the decade, increasing trend in Gross profit ratio, fixed assets turnover ratio and turnover.
• Good overall performance in the average rating of workers by the supervisors.
• Better rating of workers’ performance in the supervisors’ appraisal than self appraisal of workers which indicate workers sincerity and loyalty towards the mills.
Personal variables such as age, educational status, monthly income, caste, experience in the mills, overtime wages earned and so on have no influence on the performance of workers rated by supervisors and self indicate smooth relation among the workers and no groups are formed based on caste, income, age and educational status. Workers are goal oriented irrespective of personal variables.

The mills uses less polluting vat dyes for processing units for majority of orders especially, to those fabrics meant for school uniforms schemes.

Satisfactory attitude of the workers as to convenient working hours, regular supply of inputs, prompt payment of wages and bonus payment of loans and advances, dignified treatment of workers, welfare facilities, working atmosphere, medical facility, considerate management, thrift and cordial relationship among workers and overall functioning of the mills have motivated the workers to improve their morale and performance.

Safe labour turnover ratio, no labour unrest, incidents of strikes recorded mainly for bonus and excreta fixation and recent new recruits strengthens the labour force further.

Workers are well paid as per the government norms comparatively higher than that of private units.

Better income. Job security, more experienced workers and better performance of workers in the average rating of supervisors comparing to the private units.

Financial assistance in the form of cash credit from the District Central Cooperative Banks.
6.3.2 Weaknesses

Weakness is a constraint, which creates strategic disadvantages. Weaknesses need to be improved in future; otherwise, competitors will take advantage of it. The study unit has the following weaknesses.

- Not very flexible to changing business trends as it has to wait for the guidance from the government unlike the private units
- Lack of continuous modernization.
- Increase in cost of production due to installation of RO system. In the RO system membranes play a major role and they are susceptible to get damaged often. Therefore, the replacement cost is high.
- Has no export orders and lack of private orders
- The study unit suffers from temporary closures and penalty due to the interference of the State Government and Tamil Nadu Pollution Control Board as a result of farmers agitation against effluent discharge.
- Current ratio, liquid ratio and fixed assets ratio falling below the ideal and proprietary ratio below the danger level for a considerable period and unsteady net profit ratio, return on total assets and return on shareholders’ funds of the study unit indicate its unsteady financial standing.
- Dissatisfied attitude of the workers towards the mills in not providing regular employment, temporary lay-off and over time work in season connote the unit’s inefficiency in getting orders and using its human resource.
- Lack of skill upgradation for the labour force and lack of wider width processing facilities (130 - 140 inches).
Workers of the study unit have health hazards viz., asthma, skin allergy and so on due to chemicals, dust, heat and so on. High amount of salary and other statutory commitments to workers comparing to the private units adds to its financial strain. The mill is not in a position to achieve its full capacity utilization due to obsolete machinery and therefore the liquor ratio is higher and more effluent discharge is witnessed. Hence, additional burden to RO is noticed.

Lot of procedural formalities being a government sponsored cooperative institution. The Mill is unable to take up direct export order.

Inadequate skilled and qualified labour force.

6.3.3 Opportunities

Opportunity is an externally favourable and potential situation, which consolidates the position of an organization. The organization’s success depends on whether it is willing to exploit the opportunities or it ignores the opportunities due to lack of resources. The following are the opportunities open to the TCTP mills.

Continuous Governmental and Institutional support

The recent announcement of the Government of Tamil Nadu to supply four sets of uniform to school children instead of one set so far supplied gives a great opportunity for getting more orders to the study unit in the forthcoming years.

With the Integrated Textile Parks and power loom parks established in Kumarapalayam and Erode area and SIPCOT Industrial Growth Centre set up in Perundurai, the mills has a lot of potential to bag processing orders for clothes and export requirements.
Modernization supported by Technology Upgradation Fund Scheme likely to be extended and tends to bring financial assistance for installing sophisticated latest machines to global standards.

Proximity to major Textile Manufacturing belt i.e., outskirts of Erode, Pallipalayam, Kumarapalayam, Karur, Salem and Tirupur.

Achieving international competitiveness through ISO 9001 and ISO 14001 Certification for quality processing.

By installing the modernized machines, energy is efficiently used to have productivity better due to low liquor ratio, less power load, larger batch, single tension free controls and less human error as supported by software.

Appointment of agents for promoting services and canvassing new processing orders.

6.3.4 Threats

Threat is an unfavourable condition, which creates risk for the organization and reduces its power in the industry. The threats identified are

- Rigorous, extreme and strict regulations of the Tamil Nadu Pollution Control Board.
- High amount of penalty for effluent discharge increases the processing charges and the cost of production and in turn less orders.
- Solid waste and reject management cause serious environmental threat.
- Health hazards to nearby inhabitants due to water and air pollution
- Lot of firewood used for boiler poses a serious risk of deforestation.
• Frequent power shutdown, fluctuation and tripping increases the changes of interruption in production and high production cost.

• Price hike in fuel by Petroleum Corporations inflate cost further.

• In need of heavy investments in the form of modernized machines to maintain global standards.

• Intermittent closure of mills, due to public litigations.

• Globalization and liberalization of the world market.

• Competition from other private processing mills.

• Protest from neighbourhood. For instance, sprinklers in effluent ponds were discontinued and removed in 2010.

• The mills was directed by the Pollution Control Board to pay penalty to total capacity instead of actual use of water which caused unnecessary financial burden to the mills.

6.4 TOWS MATRIX

With the above listed strengths, weaknesses opportunities and threats, the TCTP mills has to formulate an effective strategy towards anticipating and responding to the future environment, to tap the opportunities by utilizing the strengths and neutralizing the threats by minimizing weaknesses for which TOWS Matrix technique is used.

In the TOWS Matrix, the TCTP mills formulated Strength-Opportunities SO (maxi-maxi) strategies that use strengths to maximise opportunities; Weakness-Opportunities WO(mini-maxi) strategies that use opportunities to minimise weaknesses; Strength - Threats ST (maxi- mini) strategies that use strengths to minimize threats and weaknesses; Weakness- Threats WT (MINI-MINI) strategies that minimise weaknesses and avoid threats. The TOWS MATRIX below elucidates these effective business strategies.
## TOWS MATRIX

<table>
<thead>
<tr>
<th><strong>Internal Strength</strong></th>
<th><strong>Internal Weaknesses</strong></th>
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</table>
| 1. Biggest state sponsored Cooperative processing unit in India  
2. Fabric processing capacity of 18 lakhs metres per month.  
3. Fully equipped with RO & RMS  
4. Better overall performance rated by supervisors and workers’ positive attitude.  
5. ISO - 9001 Certification to ensure International Quality Norms.  
6. Processing facility for blended fabrics.  
7. Financial support from the National Cooperative Development Corporation. | 1. Time bound Government orders.  
2. No considerable portion of export orders.  
3. Multi Stage Mechanical Evaporator yet to be installed.  
4. More financial burden due to high salary and statutory obligations.  
5. Lack of proper modernization.  
6. Inadequate labour force.  
7. Inability to achieve maximum capacity utilization throughout the year.  
8. Improper layout. |

<table>
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<tr>
<th><strong>External opportunities</strong></th>
<th><strong>SO</strong></th>
<th><strong>WO</strong></th>
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</table>
| 1. Establishment of Integrated Textile Parks, Power loom Parks and SIPCOT Industrial Growth Centre (Perundurai) in and around Erode.  
2. Recent announcement by the Govt of Tamil Nadu to increase Uniform supply from one set to four sets to school children.  
3. To get global recognition on eco-friendly processing activity through ISO-14001 Certification.  
4. Wider width processing facility  
5. Government assistance for modernization and installation of one more RO and RMS. | 1. Existing processing capacity can be increased by bagging domestic and export orders from Integrated Textiles Parks, Powerloom Parks and SIPCOT Industrial Growth Centre. (S2 O1)  
2. Processing Capacity, RO installation and support of H R to take a lead in the processing sector. (S1, S2, S4 & O3) | 1. Continuous employment throughout the year ensured due to recent government policy to provide four sets of uniform to school children. (W1, W3 & O2)  
2. Install one more RO plant to reach full capacity. (W7 & O5)  
3. Complete modernisation and arrangement of lay out. (W5, W8 & O5)  
4. Recruitment & training in jobs to improve quality norms. (W6 & O5) |

<table>
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<tr>
<th><strong>External Threats</strong></th>
<th><strong>ST</strong></th>
<th><strong>WT</strong></th>
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</table>
| 1. Penalty and adherence of TNPCB’s norms.  
2. Competition due to globalisation and liberalisation of the world market.  
3. Unhealthy competition from private units not equipped with RMS & ROS using low quality dyes.  
4. Deforestation and frequent power shut down and holidays. | 1. To overcome competition due to globalisation and liberalisation, being fully equipped with RO and RMS the mills can propagate its commitment towards eco-consciousness. (S3, T2 & T3)  
2. The mills can project and propagate its RO and polyester processing capacity to overcome competition from private units. (S3, S6 & T3)  
3. To concentrate on R & D on using natural dyes at large scale or at least a wing work with natural dyes. (S7 & T2) | 1. Abide by quality norms and to start a wing to use natural dyes for tapping export orders and to be free from the threat of PCB. (W2, T1 & T2)  
2. Meet competition by well paid labour, timely execution of order and quality standards. (W4, T1 & T2) |
Besides formulating an effective business, strategies the following are the suggestions put forth for immediate consideration of the mills.

### 6.5 SUGGESTIONS

- The mills was running with less member of workers than the optimum member of workers required for achieving full capacity utilization. Likewise, dearth of suitable personnel is noticed to operate Reverse Osmosis Plant. Therefore, it is imperative to appoint appropriate skilled workers and technocrats to run the unit efficiently and effectively. The management of the mills may take steps to recruit personnel through employment exchange or on contractual basis to cope with the situation and to comply with the Pollution Control Board’s requirements on war-footing manner.

- In order to avoid power interruption and shutdowns and to achieve full capacity utilisation, the mills ought to install generator sets with full capacity 350 KVA.

- The mills has batch processing system and the machinery is not properly arrayed. Despite its intermittent modernization, which took place in 1999 and 2009, a regular modernization by replacing obsolete machinery is essential to utilize the machinery in optimum level, to attain cost economics and to increase the processing capacity. As a short-term measure, the existing lay out should be arrayed in order. This would prevent unnecessary labour movement and excessive material handling.

- The mills should resort to upgrade its laboratory with equipments to apply latest technology in confirming the quality standards of dyes and chemicals purchased.
• The mills should resort to better working capital management. It is desirable to appoint qualified financial consultants to have an effective strategy for avoiding the use of long-term funds for day-to-day expenses. By using long-term funds, modernization may be easily taken place in the mills periodically.

• In order to boost the mental and physical health of the workers and their family members, more awareness camps on workers’ safety measures, health, hygiene, nutritional aspects of children, small savings, forming self-help groups, using safety and preventive measures, self-appraisal, family counseling and so on may be arranged periodically.

• The overall good performance, the satisfactory attitude, sincerity, dedication and coordinated efforts put in irrespective of the personal variables of the workers are the valuable asset for the mills and have positive impact towards the betterment of the mills. The mills can achieve a lot by using this opportunity and strive hard to reach greater heights. At the same time, the mills should understand and take its responsibilities towards the workers’ physical, social, mental and economical well being which will boost their morale and performance further.

• As an energy saving measure, the mills has to take up energy audit periodically in order to minimize waste of energy and to optimize its energy utility. Steam liners should be properly installed in the optimum path, prevent leakage of steam by regulating the values properly.
• The mills has a moral responsibility to have been a model employer as it is a state government unit. In order to keep abreast the environmental standard, obtaining ISO-14001 certification complying with environmental management system is essential. This will project the mills as ecologically safer one to attract customers globally.

• A separate R and D wing may be established with the support of the qualified technicians and infrastructure which can concentrate on new avenues like processing of technical textiles viz., fire retardant, fire proof, heat proof, commercial viability of natural dyes and so on.

6.6 CONCLUSION

The Processing sector is considered the weakest link in the Indian textile industry. Despite the persistent problems and threats to which the processing units are exposed to, due to pollution, the TCTP Mills is able to thrive with its strengths and opportunities. This position certainly indicates the mills potentials to become a model unit in taking a lead in processing sector with its initiatives in full capacity utilization, steady and high profits, welfare measures, quality standards, eco-consciousness and capturing domestic and foreign markets. Being a state sponsored cooperative institution it can think and work better to reach greater heights by its goal oriented approach to achieve the competitive edge in the textile processing sector, quickly responding to the changing environment.
6.7 SCOPE FOR FUTURE STUDY

Contemporary researches have been made to broader areas of processing sector and there is a tremendous scope to study the untapped potentials like creating eco-awareness and use of natural dyes in processing sector. Research and Development activities with wider perspective of using natural dyes in large scale in terms of colour fastness, gaining uniformity in colouring, minimizing the processing activities in natural dyes can be undertaken. The ill effects of chemical dyes have generated eco-consciousness in processing sector. Exorbitant cost escalation in witnessed due to the installation of Effluent Treatment Plants, RO and RMS. A Portion of the available funds can be diverted to install Research and Development facilities in processing sector to tide over the pollution problem. More research can be undertaken by utilizing the services of I I T, Delhi, a premier institution in dealing with Chemical Engineering to create an expertise for finding out alternative solutions in the minimal use of dyes and chemicals to attain desirable results without hindering the ecology. Tamil Nadu Agricultural University, Coimbatore can be utilized to take up research on cultivation of plants and herbs in a larger scale by applying modern techniques. Similarly, social researches can be undertaken involving farmers in Erode and Coimbatore areas to reduce the toxicity of the soil and to create eco-consciousness among the industrialists and farmers.