
After reviewing the performance of both APOL & ASTCL in their functional areas of Personnel Management, Marketing Management, Financial Management & Production Management and also analysing the responses to the questionnaire, in the previous chapter, here the problems faced by these Enterprises as revealed by the responses to the questionnaire, are summarised below -

TABLE XVII - STRUCTURED COMPONENT of the Questionnaire

Total Number of replies - 50 ; (APOL - 25 ; ASTCL - 25)

Problems of these Enterprises & their rank of importance

(Assumption - When more than 85% of the respondants agree to the existance of a problem in the Enterprise, the problem is assumed to exist in the Enterprise)

Here H - The problem highly exists in the Enterprise;
S - The problem somewhat exists in the Enterprise;
DN - The problem does not exist in the Enterprise.

<table>
<thead>
<tr>
<th>Problem Number</th>
<th>APOL (Co-Operative Structure)</th>
<th>ASTCL (Company Structure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>S</td>
<td>DN</td>
</tr>
<tr>
<td>1</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>24</td>
<td>22</td>
</tr>
</tbody>
</table>
This Structured Part of the Questionnaire reveals that the factors listed here, can be distinguished between those related to the Internal Environment and those related to the External Environment of the Enterprises. Factors relating to the Internal Environment are those which are within the control of the individual organisations and they exist due to the system of the organisation, the process of management as well as the quality of top management in the Enterprise. On the other hand, factors relating to the external environment are those which...
are not so much in the structure and the system of the organisation itself, but in its environment, ie., the Government, the Ministry, the Unions, etc.

This distinction between factors relating to the Internal Environment and those relating to the External Environment of the Enterprises may be shown as follows -

INTERNAL ENVIRONMENT PROBLEM

Problem No. (As per the Questionnaire enclosed at the end of the Third Chapter)

5. Interference of unions making management helpless to maintain discipline.
6. Too much bureaucratization and red tapism,
7. Lack of a good managerial process and system.
8. Non-profit orientation being perceived as the main goal of the organisation.
11. Dearth of technical personnel.
12. Obsolete technology and machinery.
13. Lack of a professional marketing approach.
17. High Overhead Cost.
20. Low capacity utilisation.

EXTERNAL ENVIRONMENT PROBLEMS

1. Lack of adequate discretion and flexibility to reward a good worker or punish a bad one.
2. Deputation of persons to the top who do not possess adequate and relevant experience.
3. Political interference & interference from concerned Ministry.

4. Instability at the top.

9. Poor salary and perks.

10. Shortage of raw-materials (Viscose).

15. Adverse Import / Export Policy.

16. Irregular power supply.

18. Funding Problems.

19. Locational disadvantage.

<table>
<thead>
<tr>
<th>Drawbacks</th>
<th>APOL</th>
<th>ASTCL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Co-operative Structure)</td>
<td>(Company Structure)</td>
</tr>
<tr>
<td>1. Government Interference</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 - Political</td>
<td>-</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(10 responses)</td>
</tr>
</tbody>
</table>
1.2 - Bureaucratism & Red Tapism - 4% (1)

2. Human-Related
2.1 - Absenteeism 24% (6) 48% (12)
2.2. - Union Pressure 48% (12) -
2.3 - a) Lack of professionalism in employees/ 40% (10)
      b) Lack of an industrial culture among employees 20% (5)

3. Operational -
3.1 - Shortage of Raw-Material 92% (23) 80% (20)
3.2 - Erratic & Inadequate power supply. 96% (24) 96% (24)
3.3 - Low Capacity Utilisation - 12% (3)

---
75 responses 75 responses from 25 respondents from 25 respondent

In this study, more emphasis was given to the Middle and Senior (but not the top) levels of management of these State Enterprises in the textile sector. In these Public Enterprises, since the top management changes so frequently, perceptions of Senior and Middle level Executives, of the problems faced by their enterprises, may be more reliable. Moreover top level decisions are implemented by these Senior and Middle Level Executives, hence they are more aware of the day-to-day operational problems being faced by their enterprises.
<table>
<thead>
<tr>
<th></th>
<th>Structured</th>
<th>Unstructured</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APOL (Co-Operative Structure)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>a. Human Related</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Interference of Union</td>
<td>1. Union Pressure</td>
<td></td>
</tr>
<tr>
<td><strong>b. Operational</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shortage of Raw-Materials</td>
<td>1. Shortage of Raw-Materials</td>
<td></td>
</tr>
<tr>
<td>2. Irregular power supply</td>
<td>2. Erratic &amp; Inadequate power supply</td>
<td></td>
</tr>
<tr>
<td>3. Working Capital Problem</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. High Overhead Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Low Capacity Utilisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASTCL (Company Structure)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>a. Political</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Political Interference</td>
<td>1. Political Interference</td>
<td></td>
</tr>
<tr>
<td>2. Deputation from Civil Service</td>
<td>2. Bureaucratisation &amp; red tapeism</td>
<td></td>
</tr>
<tr>
<td>3. Bureaucratization &amp; red tapeism</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b. Human Related
   1. Absenteeism of workers
   2. Lack of an industrial culture among workers.

c. Organising
   1. Lack of a good managerial process.
   2. Lack of professional marketing approach.

d. Operational
   1. Shortage of Viscose
   2. Irregular power supply
   3. Low capacity utilisation

Again classifying these problems as Internal and External and into different functional areas, as in the following -

TABLE XXI - APOL (CO-OPERATIVE STRUCTURE)

INTERNAL PROBLEMS

A) Personnel Management Problems
   1. Absenteeism among workers
   2. Lack of professionalism among workers
   3. Interference of Union
   4. Dearth of technical personnel

B) Marketing Management Problems - no major problem problem identified.

C) Financial Management Problems
   1. Working Capital Management Problem
2. High Overhead Cost

D) Production Management Problems

1. Low Capacity Utilisation

EXTERNAL PROBLEMS

Production Management Problems

1. Shortage of raw-materials (Viscose)
2. Irregular, Erratic and inadequate power supply

TABLE XXII - ASTCL (COMPANY STRUCTURE)

INTERNAL PROBLEMS

A) Personnel Management Problems

1. Absenteeism among workers
2. Lack of an industrial culture among workers

B) Marketing Management Problems

1. Lack of a professional marketing approach


D) Production Management Problems

1. Low capacity utilisation

General Management Problem

Lack of a good managerial process and system.
EXTERNAL PROBLEMS

Political Problems
1. Deputation from the Civil Service
2. Political Interference
3. Bureaucratization and red tapism

Production Management Problems
1. Shortage of raw-materials (Viscose)
2. Irregular, erratic and inadequate power supply.

From the above classification, the trend that emerges is that APOL does not appear to have any Internal Problems in the area of Marketing Management, whereas its biggest problem area appear to be Personnal Management, as far as its Internal Problems are concerned. On the other hand, it appears that ASTCL does not have any internal problems in the area of Financial Management, whereas, it has a General Management Problem, not found in APOL.

As far as the External Problems are concerned the two problems in the area of Production Management appears to be identical for APOL and ASTCL. However, ASTCL appears to have a host of political problems too, which is not cited by the respondents of APOL.

A discussion of the above stated problems is given below:

INTERNAL PROBLEMS

A) Personnel Management Problems
It is seen that though APOL has listed four problems
similar to two problems of ASTCL:

I. To discuss the problem of Workers Absenteeism, according to the Dy. Personnel Manager of APOL, textile being a very labour intensive industry, workers absenteeism can play havoc with the productivity and efficiency of the industry.

In an industry located among agrarian society, the seasonal absenteeism is very high. For a sizable workforce, a job is not the mainstay of livelihood for many workers. Rather it is a bonus for the family and for the employee. Also there are various festival times throughout the year, when absenteeism defies all industry norms. In fact, the problem is so serious that, a Special Reward Policy was initiated by APOL among its employees. According to this Scheme, if an employee had 100% attendance at work for three months continuously, he was given a Cash Reward of Rs 500/-. Any employee absent for only 1-2 days in three months was given an Award of Rs 300/-. This was done to combat the problem of Absenteeism, which has grown to serious proportions in APOL. However, the Scheme was not successful and had to be withdrawn, due to the fact that after winning the award, workers started being absent in their jobs immediately again.

As far as ASTCL is concerned, Absenteeism has the following trends regarding Absenteeism of Workers -

1. Absenteeism is very high in the night shift.

2. In order to improve the Attendance rate, specially in the night shift, an incentive of Rs 3/- per worker is paid.
3. The Absenteeism problem becomes more acute at the time of any type of local festival.

4. The rate of Absenteeism becomes more in the days immediately after wage disbursement.

The Government of Assam constituted an Advisory Committee under the then Industries Minister, in 1992, to go into the deteriorating health of the textile enterprises of Assam, and the Committee in consultation with the expertise of Northern India Textile Research Association (NITRA) made many suggestions.

In order to assess the existing position, based on first hand information given by the Mill to the NITRA team which visited the Mill in November 1992, the followings were observed:

1. The total number of permanent workers in three shifts is 383, while the actual manpower required on the job is 357. However, there is a lot of discrimination between the 'number of workers required on the job' and the 'actual number of permanent workers on roll, section-wise'.

For example, in the Table XXIII, it is seen that -

a) In the Drawing Department, the number of permanent worker is ten (10) against the actual requirement of fifteen (15).

b) In the Ring Frame Department, which is actually the nucleus of the Mill, the number of workers required is 105 against the actual number of permanent worker of 102.

c) On the contrary, the number of workers required in the Cone Winding Department is 111 against the actual number of permanent workers of 144.

### TABLE XXIII

**ASSAM STATE TEXTILE CORPORATION LTD.**

**Workers Strength as on 9.11.92**

<table>
<thead>
<tr>
<th>S No.</th>
<th>Deptt.</th>
<th>G</th>
<th>A</th>
<th>D</th>
<th>C</th>
<th>TOTAL</th>
<th>Manpower required per day in A, B, &amp; C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Blow Room</td>
<td>4</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>2.</td>
<td>Carding</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>3.</td>
<td>Drawing</td>
<td>-</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>4.</td>
<td>Simplex</td>
<td>5</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>5.</td>
<td>Ring Frame</td>
<td>16</td>
<td>35</td>
<td>35</td>
<td>32</td>
<td>102</td>
<td>105</td>
</tr>
<tr>
<td>6.</td>
<td>Cone Winding</td>
<td>3</td>
<td>45</td>
<td>48</td>
<td>51</td>
<td>144</td>
<td>111</td>
</tr>
<tr>
<td>7.</td>
<td>Doubling</td>
<td>5</td>
<td>19</td>
<td>21</td>
<td>19</td>
<td>59</td>
<td>51</td>
</tr>
<tr>
<td>8.</td>
<td>D/Doubling</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>3</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>9.</td>
<td>T&gt;F&gt;O&gt;</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>10.</td>
<td>Buffing</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11.</td>
<td>SQC</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12.</td>
<td>Packing</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>13.</td>
<td>Guest House</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>14.</td>
<td>Electrical</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>15.</td>
<td>Workshop</td>
<td>12</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

-----------------------------------------------
Total | 67 | 125 | 128 | 130 | 383 | 357

Number of workers on rest per day: 54 nos.

**NOTE** - 21 nos. MRL included in the Manpower required strength
Average daily deployment of workers from Weaving and Processing House - 30;
Average daily deployment of MRL - 11

Source - NITRA Report on 'Techno-Commercial Study on ASTCL': dt. 6.11.92 to 16.11.92

The above analysis reflects that even if attendance of workers is full, during the time of full utilisation of machines, the Drawing & Ring Frame Departments will experience excess workers. Thus, apart from Absenteeism, ASTCL also requires rescheduling of workers Section wise, if the Mill is to achieve proper productivity of workers.

At present, the Mill has been deploying 30 workers regularly from the Weaving & Process House and 11 from the MRL to compensate for the shortfall of workers due to Absenteeism.

2. The average Absenteeism in the three shifts from April 1991 to March 1992, as worked out by the NITRA team from the data supplied by the Mill, is 21.7%.

3. During the aforesaid period the rate of Absenteeism in the night shift is 31.9 as compared to 13.9 and 19.4 in the first and second shifts.

The above findings corroborates the facts as cited by the respondents of both APOL and ASTCL that Absenteeism among workers is high in both these enterprises and is a serious problem faced by them. In fact due to this problem of Absenteeism the Enterprises face direct loss of production. Moreover substitute labour to replace absent labour is
hired. This increases the regular labour bill unnecessarily.

II. APOL has cited lack of professionalism among employees to be an important problem and ASTCL has stated lack of an industrial culture among workers to be the Enterprise. The seriousness of this problem can be judged from the following facts -

a) Frequent and high absenteeism of workers without notice;

b) Low productivity of workers in both APOL and ASTCL;

c) Interference of Unions, making management helpless to maintain discipline;

d) Negligence of duty in many areas. Even the periodic cleaning of the machines by the Maintenance staff, which is a prerequisite for productivity and quality, are not at all maintained in ASTCL.

According to the Senior Management of the Personnel Department of APOL, there is lack of professionalism among workers due to the fact that most workers are inexperienced and have not been exposed to the industrial culture and professionalism existing in the industrially developed regions of the country. Workers lack proper orientation to a healthy work culture.

In this connection, the NITRA Report stated that: "The NITRA team during their visit to all subsidiary textile units of the Government of Assam felt that the induction of workers to the industrial culture has not been paid proper attention since its initial stage. As a result, the workers are not tuned with the industrial environment which indirectly leads to several..."

1. NITRA Report on the 'Techno-Commercial Study on ASTCL', dt. 6.11.92 to 16.11.92, Annexure No V, pp.2.
untoward happenings in the Mill premises. As we understand through the interaction between the Mill personnel and the Government officials, Assam was not an industrially developed state decades back. Most of the textile Mills in the Joint Sector have come up within 6 to 7 years. Moreover, establishment of these units in the rural areas possess another set of problems. Because, it is comparatively difficult to develop the industrial culture among workers of the rural area in respect of discipline, punctuality etc. These needs proper orientation and continuous motivation of the workers by the Mill management which has been neglected since the formative stages of the units.

In order to improve the overall working atmosphere, Mill Management should initiate immediate steps in the above direction.

The above discussion proves that there is indeed a lack of professionalism and an industrial culture among the workers of both APOL and ASCTL.

III. Another Personnel problem cited by APOL is Interference of Union in decision-making process, making management helpless to maintain discipline. Why this problem is cited by APOL and not by ASTCL is another point for discussion. One of the reasons could be that the employees of APOL, being shareholders in a Co-operative structure, may feel that they should have a say in the decision-making process. On the other hand, ASTCL, being a Government Company, workers may be appeased not to 1. Ibid.
create problems for the Chairman or Managing Director. whose
tenure itself is never certain. Coupled with this could be the
attitude of the workers themselves in ASTCL, wherein, they may
feel that they are merely salaried workers and need not bother
with what is happening at the management level, because they
have no personal stake in the enterprise, as long as they feel
they have job security and protection from the
government. Though both APOL and ASTCL have one Trade Union
each, the union of APOL is more active in procuring benefits
for its members, whereas, the Union of ASTCL is satisfied to
play a more passive role.

IV. Dearth of technical personnel is another internal problem
of APOL in the Personnel Management area. This problem is faced
by APOL, specially during its recruitment process, when the
response to advertisements to recruit technical people has been
rather poor. This is mainly due to the fact that Assam does not
have the textile technical manpower to meet the requirements of
its Mills. The only Textile Technology Institute of the entire
North-East Region (having Diploma and Certificate Courses only)
is the Assam Textile Institute at Ambari in Guwahati,
established about 70 years back. The intake capacity of this
Institute for the Diploma Course is 20 and the Certificate
Course is 40 each. It is a matter of great sadness that in a
state which has 7 PEs in the textile sector, apart from
numerous private sector Small Scale Units and a State, famous
for its handloom and textiles, a Degree Course in textile
technology is yet to start in the state.
TABLE XXIV

Name of PE | Existing Manpower | Minimum Required | Gap |
---|---|---|---|
1. Assam Syntex Ltd | 8 | 20 | 12 |
2. ASTCL | 7 | 20 | 13 |
3. APOL | 6 | 20 | 14 |
4. Assam Polytex Ltd | 5 | 20 | 15 |

The other textile Public Enterprises does not have any technical manpower in synthetic technology.

Source - Souvenir of Inauguration of APOL's Synthetic Spinning Mills, 24.6.88, 'Textile Manpower - Some Thoughts'.

However, why this problem has been considered as an Internal one and within the control of the management of the Enterprise, rather than an External problem, is that APOL has chosen to live with the problem, rather than recruiting a certain percentage of experienced well-qualified textile technologists from outside the state. Moreover, no attempt has been made by the management to streamline its training system, so as to send local recruits for training to reputed companies like Reliance, etc., systematically batch by batch, to gain technical knowledge and upgrade their skills in this field. Hence, this problem is considered to be an Internal Personnel Problem of APOL.

This problem has not been cited by ASTCL, mainly due to two reasons -

One. ASTCL does not have diverse activities like Spinning,
Weaving, Processing and Garment manufacturing (as in APOL), but its activities are limited to Spinning of yarn only, at present. Hence, it does not require technical people with diverse skills.

Secondly, being a Government Company and having an assured and protected market, and not selling its products for mass consumption, quality is not the prime concern of the company.

B) Marketing Management Problems

APOL does not seem to face any major problems in the area of Marketing Management. This is evident from the strong marketing system and its support facilities that APOL has managed to build up for its products. APOL fabrics, soon after its appearance in the market, immediately managed to capture a substantial share of the North-East market due to its high quality and low price. There is great demand for the products of APOL - both yarn and fabrics, not only in the North-Eastern market, but also in distant places like Calcutta, Delhi, Bhilwara, Bangalore, Hyderabad, etc.

APOL has established a number of Showrooms / Dealers for marketing its products and in a very short time has managed to enlarge its distribution network to engulf not only the whole of North-East India, but also outside this region to the rest of the country. Unlike many other Public Enterprises of Assam, APOL has managed to design its own impressive Showrooms cum retail outlets, which is to be found even in small towns and villages of Assam.
The main problem of ASTCL in its Marketing Management area is the lack of a professional marketing approach for marketing its products. This is evident from the fact that ASTCL's fabric, marketed under the brand name of 'MANAS' did attract the attention of customers in Assam, but failed to sustain the market primarily due to the weakness of the marketing function.

The NITRA Report on the study of ASTCL, also remarked about the weakness of the Marketing function of ASTCL thus -

"The team observed lack of professional approach in the Marketing Department which fails to study and assess the marketability of their products. In the existing system, all the units sell their yarn through agents seated in Bombay, with a heavy discount. Mill personnel are not aware about the existing stand of their product in the market as compared to other competitors. During our interactions, as we understand, the existing selling price of 2/40 P/V of the Mill ranges from 115 to 120 kg. However, presently the existing market price on the same count ranges between Rs 127 to Rs 130/- per kg approx. An increase of one rupee per kg of the yarn will fetch a sum of Rs 17.8 lakhs per annum. This figure emphasis the importance of the selling price of the profitability of the Mill".


The above discussion corroborates the fact as cited by the respondents of ASTCL that lack of professional marketing approach is indeed a serious problem in the enterprise, affecting the profitability of the enterprise.
C) Financial Management Problems -

While ASTCL has not cited any problem as its internal financial management problem, APOL has cited Working Capital management and High Overhead cost as problems faced by the enterprise. Within a span of five years, the excise duty on Synthetic blended yarn has increased from Rs 7.20 to Rs 10 and then to Rs 15.60. The lending interest by Banks has gone up by 6%. Wages has risen by 20%, power tariff by 50%. Chronic shortage of viscose in this region has compelled textile enterprises to use imported viscose. Imported viscose is almost 20% costlier. Acrylic is available only on advance payment. This has resulted in a heavy toll on the Working Capital management of the Mills. The resultant increase in the sale price of yarn has not grown commensurate with these increases.

It is seen that though both ASTCL and APOL has been incurring losses, during the period of this study, the management of ASTCL does not appear to be unduly concerned with these losses, mainly because the enterprise is a Government Company. On the other hand, APOL being a Co-Operative Society, has to earn profits for its shareholders.

In this connection, it may be mentioned that even though the Spinning Mill of APOL is earning profits, the overall financial position of the enterprise is net loss. This position indicates to high Overhead Cost as a problem in the enterprise.

As far as Working Capital Management and funding of the
enterprise is concerned, in 1991, due to the new instructions of RBI, the bank providing Working Capital to the Society (UCO Bank) had suddenly reduced the Working Capital limit of the Mill by 10%. Moreover, the Society has been unable to procure Central Investment Subsidy of Rs 25 lakhs, with the result that it had to frequently overdraw its Working Capital. In such a case, the interest to be paid by the Society is also higher. Thus, the Mill had to face a lot of Working Capital management problem. The management of adequate Working Capital from banks is posing a serious challenge to these textile Mills. Banks are insisting on Government Gurantee which is perhaps made applicable in this region only. Local banks are also following this same procedure. This has also placed the State Government in a tight situation. For these Mills, generation of liquidity requires about three months from the date of Order of raw-materials to sale of goods and advance payment has to be made to purchase Raw-materials.

Source - Chairman's Speech, 5th Annual General Meeting of APOL, dt. 28 Sept 1991.

D) Production Management Problems

Both APOL as well as ASTCL has stated low utilisation of installed capacity as their internal problem relating to the Production Management area. In APOL, capacity utilisation is indeed low, as shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>1988-89</th>
<th>89-90</th>
<th>90-91</th>
<th>91-92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spinning</td>
<td>-</td>
<td>13%</td>
<td>34%</td>
<td>51%</td>
</tr>
<tr>
<td>Weaving</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Processing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
In ASTCL too, Capacity Utilisation is low, as shown below -

<table>
<thead>
<tr>
<th>Year</th>
<th>1988-89</th>
<th>89-90</th>
<th>90-91</th>
<th>91-92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilisation (%)</td>
<td>24%</td>
<td>41%</td>
<td>49%</td>
<td>55%</td>
</tr>
</tbody>
</table>

The causes of this low utilisation of capacity in both these enterprises have been stated as:
1. Shortage of Raw-Materials (Viscose);
2. Inadequate Power Supply.

Both these problems have been dealt with as External Problems of the enterprises.

In addition to the above problems in the functional areas of management, ASTCL has stated another General Management Problem, i.e., Lack of a good managerial process and system in the organisation. As the top management of the enterprises are deputed from the Civil Service, as the tenure of the Managing Director is short and uncertain, as the Chairmen are political appointees, as there is an acute shortage of management professionals to man key positions in the organisation and as there is frequent changes of senior personnel, lack of good managerial system in the enterprise is only to be expected. However, all these have been dealt with as External Political Problems of the enterprise.

The above analysis, proves one part of the fourth hypothesis of this research study, that management of the public enterprises of Assam, in the textile sector, have to function under many internal constraints, which affect their performance.
EXTERNAL PROBLEMS

Production Management Problems -

APOL ans ASTCL both have cited exactly identical problems as far as their External Production Management area is concerned. Shortage of Raw-Materials (Viscose) and Inadequate and Irregular power supply seems to be serious problems for both the enterprises, adversely affecting the productivity of the Mills. As far as Shortage of Viscose is concerned, the views of the NITRA Report on ASTCL, is produced below:

The major problems being faced by all the mills, as highlighted by them during the study is the insufficient supply of raw-materials. It was also expressed by the Mill’s personnel that whatever small amount of raw material they are getting, that is also supplied irregularly. As a result, it is difficult for them to chalk out their production planning in advance.

This leads to a lot of problems like -
a) Lower machine utilisation;
b) Lower Production efficiency;
c) Lower labour productivity;
d) Deterioration of total work culture inside the department.

NITRA team have studied in detail the above cited problems and observed that the Mills are incurring huge amount of losses since its initial stage on account of various factors due to scarcity of raw-materials which has not resulted in full utilisation of machines at any point of time.
NITRA team have worked out the requirement of raw-material for individual units based on the target production (as highlighted in the revised spin plan) as well as break-even production. The details are given below -

**TABLE XXVI**

<table>
<thead>
<tr>
<th>Requirement of Fibres (Based on Target Production) (approx)</th>
<th>ASTCL</th>
<th>ASL</th>
<th>APL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirement of Viscose Staple Fibre (MT per month)</td>
<td>78</td>
<td>89</td>
<td>83</td>
</tr>
<tr>
<td>Requirement of Polyester Fibre (MT per month)</td>
<td>67</td>
<td>76</td>
<td>71</td>
</tr>
</tbody>
</table>

2. REQUIREMENT OF FIBRE FOR BREAK-EVEN (Sales price Rs 112 per kg.)

Polyester Staple Fibre (MT per month) - 51
Viscose Staple Fibre (MT per month) - 60

(The above figure have been worked out based on 48/52 40 P/V yarn. However, the exact requirement of fibre will change depending on the blend ratio and the count spun)

Another common problem as highlighted by all the Mills that the quota of the Viscose Fibre (as fixed by the Viscose Manufacturers) is less (30 MT per month approx.) even to achieve the break-even production.

The NITRA team, in their Report has also suggested a number of measures to be adopted by the Mills if they are to improve their functioning and achieve full capacity utilisation.

**Source** - NITRA Report on 'Techno-Commercial Study of ASTCL' dt. 6.11.92 to 16.11.92.
All the synthetic Mills were planned with similar product-mix, ie. Polyester Viscose blended yarn and predominantly in grey form without any alternative for dyed variety. The return is generally less for grey yarn, a fact that was not probed into, at the Planning Stages of the enterprises. The viscose production in the country is limited to a few monopolies. Attempts by other industrialists to manufacture Viscose fibres did not materialise. The monopoly status of these organisations producing Viscose have made it some what immune to the needs of newer clients like the textile mills of Assam. The possibility of failure of continued long term availability of viscose was overlooked by the enterprises in the planning stages and hence right from the commercial production stage itself, these mills are being subjected to raw-material shortage.

Irregular and Inadequate supply of electricity

The chaotic power situation in Assam, has sounded the death knell not only for the textile industry, but for all industries of this region, seriously affecting the industrial culture of the place."Frequent load-shedding and break-downs have resulted in heavy losses in these enterprises where power is a high component of the cost of production such as textile units".1

The Chairman’s Speech in almost all the Annual General Meetings of APOL has highlighted this problem -

"Suddenly due to untimely and prolonged shortage of electricity, the Mill suffered from not only loss of production, but also deterioration of quality".2.

2. Chairman’s Speech, 4th Annual General Meeting of APOL, 24.9.90
"Irregular and prolonged shortage of power supply has chronically affected the performance of the Mills. In 1990-91, due to failure of regular power supply by ASEB, the Mill had to lose 915 hours of production, the quantity of production of which is approx. 77,710 kgs and the calculated loss is Rs 77.71 lakhs. From the time of establishment of the Mill, the total power failure has been about 2104 hours and 30 minutes, for which production loss is 1,40,314 kg, whose value is approx Rs 1,35,47,640.

At present our Spinning Mill has three Generator Sets of 250 KVA capacity. But the present power situation has compelled us to think of increasing this capacity and in this connection, a Diesel Generator Set of 500 KVA at a cost of Rs 30 lakhs has been proposed to be set up. We have also approached the government for financial help in this regard. If this is established, it is hoped that our power problem may be solved to a great extent."

"During the year, ASEB could not supply electricity for 1984 hours, which is 23.62% of the total work-hours of the Mill. The result was the loss of production for 331 MT of yarn, whose value is almost Rs3.68 crores. Had this loss of production not occurred, the Society would have earned at least 40-45 lakhs of rupees as additional income. The Society had to spend Rs 11,20,238 only for buying diesel during the year, in order to generate its own electricity, the cost of which is 19% of the total electricity bill of ASEB (Rs 59,83,583.41)."

1. Chairman's Speech, 5th Annual General Meeting, of APOL 28.9.91
2. Chairman's Speech, 6th Annual General Meeting, of APOL 31.7.92
"How much APOL has suffered due to the disturbance of power supply from ASEB, is evident from the Table given below:

**TABLE XXVII**

Cut in Power Supply

<table>
<thead>
<tr>
<th>Year</th>
<th>Time (hours)</th>
<th>Loss of production (Kgs)</th>
<th>Value of loss (Rs in lakhs)</th>
<th>Cost of Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>179.64</td>
<td>30,000</td>
<td>30.19</td>
<td>0.7 lakhs</td>
</tr>
<tr>
<td>1989-90</td>
<td>630.53</td>
<td>105,300</td>
<td>105.30</td>
<td>1.60 &quot;</td>
</tr>
<tr>
<td>1990-91</td>
<td>1293.83</td>
<td>177,254</td>
<td>177.25</td>
<td>3.51 &quot;</td>
</tr>
<tr>
<td>1991-92</td>
<td>1984.00</td>
<td>331,000</td>
<td>368.00</td>
<td>10.88 &quot;</td>
</tr>
<tr>
<td>1992-93</td>
<td>1945.00</td>
<td>324,231</td>
<td>372.86</td>
<td>17.52 &quot;</td>
</tr>
<tr>
<td>Apr-June</td>
<td>422.00</td>
<td>70,474</td>
<td>84.56</td>
<td>6.90 &quot;</td>
</tr>
</tbody>
</table>

There is no hope that this situation will improve. Thus, it has become absolutely necessary to buy a Diesel Generator of our own. In this connection, it is endeavoured to take a definite decision within September itself. The only constraint is the required money. It has become very important to buy a Generator set, even though, for it, we may have to cut costs here and there. According to the decision taken by the members in the last General Meeting, a request was made to the shareholders to buy additional shares, however, co-operation from shareholders was not as anticipated. At least now, if they contribute to the cost of the Generator, it will be most helpful to the Society.

The increase in electricity tariff, as announced by ASEB, will pose serious problems for all small-big industries of Assam. Many industries may even have to close down. Products produced
in Assam, may not be able to compete in the outside market. This increase in tariff will more than double the cost of electricity of APOL per month. Thus, just to break-even, production will have to increase by 30-40% than at present, very soon. This will not be easy".

Source:
Chairman’s Speech, 7th Annual General Meeting of APOL, 31.7.93

The same situation applies for ASTCL also. Though no data-based information was available about loss of production due to irregular and inadequate power supply, there is no denying the fact that productivity of the Mill has been adversely affected due to the existing power situation in the state.

The above information proves that irregular, erratic and inadequate power supply has been one of the most serious external problems of the enterprises in the textile sector.

Political Problems

Another area which poses serious problems for ASTCL is the Political one. In this area, the problems faced by it has been at least at three levels -
1. Deputation from the Civil Services;
2. Political Interference;

It is seen that in ASTCL, all the Managing Directors have been from the IAS of the Assam Cadre. Their stay in the enterprise has not been long enough to give them time to focus on the long-term planning of the enterprise. Moreover, the Directors
of ASTCL has been, throughout its existence, nominated by the state government. Hence, the Board of Directors and the Managing Directors being nominees of the government, has always looked to the interest of their appointing authority, which is reflected in the pathetic condition and the poor performance of the enterprise. The power of appointment of important functional managers resting with the state government provides clear avenues for ministerial and political interference in the management of Public Enterprises.

In a paper presented by the then CMD, Assam Co-Operative Jute Mills Ltd. at the Conference cum Workshop of the Chief Executive Officers of SLPEs, organised by the Department of Public Enterprises on 16th June 1988, at the Janata Bhavan Auditorium, he stated, "The difficulties faced by the top Executives have grown to such proportions that everyone is now very reluctant to accept such positions, therefore, are seeking ways and means to shirk off their accountability; justifying the fact is that Chief Executives start correspondence and negotiations for early relief from the job from the very day of their joining. Even during the small period of their tenure he gets most of the management decisions (even for day to day matters) passed by the Board of Directors, so that accountability is passed over to the Board. The responsibility to the Enterprise by both the top management and the Board are just passing phases and are very temporary. This results in absolute absence of accountability. Public Enterprises, thus, become orphans of the state government."

Source: Conference Cum Workshop of the Chief Executive Officers of SLPEs of Assam, dt. 16.6.88, Dept. of Public Enterprises
Deputation of personnel from the Civil Services gives rise to the following problems in ASTCL -

1. The Managing Directors coming from the Civil Service controls and supervises the work of the technical people of the Mill without possessing the technical knowledge and skills about running the Mill.

2. The Managing Directors of ASTCL, have no natural interest in their long-term stay in the organisation and have always used their positions as a stop gap before proceeding to become Commissioners and Secretaries in the furtherance of their long-term career prospects.

3. Moreover, because of the deputation of personnel at the top management cadre from the Civil Services, it has become difficult in the Mill to secure performance based on 'outcomes over procedures'.

Linked with the deputation of top management from the Civil Service is the problem of frequent changes and consequently the short tenure of the Managing Directors in ASTCL. Due to the frequent changes of the Managing Directors in the enterprises, the major role of the top management - providing the Mill with a consistent long-term strategic perspective, has not been developed at all. To achieve this, continuity in leadership of the Mill is a primary requirement.

It was also seen specially in ASTCL, that political interference takes the form of issuing of directions to the enterprises, by the government and the political partly in
power, as and when the government feels necessary. Though the enterprise was reluctant to provide any data-based information or proof of political interference, this glaring evident interference is a clear misuse of the provisions provided in the Act of ASTCL, that the government can provide control over the enterprise by issuing of directives.

Similarly, because the top management comes from the Civil (Government) Service, they bring with them the bureaucratization which is a part of government service. Further, their short tenure, does not provide them with any incentive to take long-term decisions. Even crucial short term decisions are delayed which gives rise to red-tapism in the organisation. Hence the industrial venture starts functioning like a government bureaucratic unit, and the professionalism needed to run an industry gets overshadowed.

Thus, it is seen that all the political problems faced by ASTCL acts as external constraints in the efficient functioning of the enterprise.

The above discussion proves the second part of the Fourth Hypothesis of this research study that the management of these enterprises have to function under serious constraints which affect their performance.

The problems analysed in the preceding pages were specific and unique to the textile enterprises only. However, there are certain other problems faced by these enterprises not unique to
themselves, nonetheless, acting as constraints to the efficient and effective management of these enterprises. A broad outline of these problems is provided below -

A) Personnel Management -

No policy or budget exists on training for any of these enterprises. This leads to ad-hocism in training in an industry where technical personnel are in short supply in the region, professionalism is lacking in workers and work culture is missing. This acts as a serious bottleneck in the efficient management of the enterprises, and sustainance of productivity in the industry.

Performance Appraisal in these enterprises is a closed system, which leads to biases among the officers and grievances among the workers, who are not informed about the strengths and deficiencies of their performance. This closed system, also does not, in any way, help to improve the situation where workers productivity is low and professionalism is missing. Moreover, in many cases, no systematic and scientific process of performance appraisal exists.

In case of promotions, these enterprises, give more importance to seniority than to merit. In an industry where technical personnel are in short supply and a high level of skill is needed, this criteria for promotion is likely to have repercussions resulting in difficulty in the management of the enterprises.

Personnel Records kept in some of these enterprises are not updated regularly and the filing system, is also inadequate. No
systametic record on disciplinary actions, voluntary retirements, etc. has not been kept by the Personnel Department. The importance of updated and accurate record-keeping, specially in the Personnel Department has not been realised by many of these enterprises. This implies that the Personnel Policies of the enterprises are weak, unwritten and mostly informal.

There is little importance given to Manpower Planning or Human Resource Development in these enterprises. Competent standards or techniques for selection of personnel are not developed within the enterprises.

Lack of adequate discretion and flexibility to reward a good worker and punish a bad one often leads to managements' helplessness in enforcing discipline among workers of the enterprises. This also results from a lack of efficient and effective decision-making process in the enterprises. Since no standardised grievance handling procedures exist in the enterprises, a number of loopholes are found in the Grievance & Conflict Handling System.

No service rules exist in many of the enterprises and the result is lack of a proper work culture and lower labour productivity.

In effect, scientifically developed standardised Personnel Policies have not been developed in these enterprises. In their failure to give Human Resource its due importance in the Enterprise activities, except for APOL, all other enterprises have failed to utilise the potential of their human resource in a labour intensive industry like textiles.
B) Marketing Management Problems

None of these enterprises under study seems to give advertising its due importance. In fact, advertising in a large-scale was not considered an important promotional tool and many enterprises also felt it to be an unnecessary expense. There exists no advertising budget, policy or strategy in these enterprises. Nor does any product-promotion policy.

Moreover, these enterprises does not feel the importance of giving any incentives to Sales personnel to increase sales. Distribution network has also not been formulated by all the enterprises, except APOL. Similarly, except for APOL, none of the other enterprises have felt the need for product diversification. All these have led to the weakening of the Marketing Management function of these enterprises which is reflected in their poor financial performances.

C) Financial Management Problems

The main financial problem of these enterprises arises from their non-profit orientation as perceived by them, by virtue of their existing in the Public Sector. Apart from APOL, all other Public Enterprises in the textile sector of Assam, lack the commercial zeal to present a healthy financial picture. No Accounting Manual is available in most of the enterprises. Marginal Costing of products are not done to find out the profitability of each individual product. All this leads to the problem of securing loans from financial institutions as and when necessary, and these enterprises then have no other choice.
but to turn to the government to bail them out of their financial crises.

D) Production Management Problems -

Firstly, all the Mills in the Public Sector textile industry are located in industrially backward areas, where infrastructure development is negligible. This poses certain locational disadvantages for the enterprises, whose Head Offices are located at Guwahati.

Though most of these enterprises have new machines, in some of the enterprises the maintenance of the machines is poor, leading to frequent machine breakdowns, and in some other enterprises, inspite of the machines being new, the technology is obsolete. Preventive maintenance is an unheard of word and machines are repaired as and when they break-down.

However, the most important and significant problem in these textile enterprises, in the Production area, apart from scarcity of Viscose and inadequate and erratic power supply, is that productivity of these Mills is very low. Spindle speed in the Ring Frame is very low. From an analysis of the Mills' records it is seen that production efficiency is on the lower side even on this low spindle speed. Productivity is also reduced due to labour unrest and strikes in the Mills. There is also high defying loss, moreover, there is unnecessary stoppage of machines without any specific reasons. This could be due to lack of strict supervision in the Mills, as Public Enterprises are much too liberal with their employees. From the survey of the Mills, it is also seen that the Mills suffer from high
idle spindles due to workers negligiency and non-availability of crucial machine components. This also indicates a lack of production planning and lack of balancing facilities in the Mills.

Thus, it is seen that the Public Enterprises of Assam in the Textile Sector suffer from many managerial problems and constraints, which affect their productivity and efficiency.