CHAPTER II

ORGANISATION AND MANAGEMENT OF MAJOR PUBLIC SECTOR UNDERTAKINGS IN THE TEXTILE SECTOR
ORGANISATION & MANAGEMENT OF MAJOR PUBLIC SECTOR UNDERTAKINGS IN
THE TEXTILE SECTOR

2.1 - Description of the Textile Enterprises of Assam in the
Public Sector:

The history of the Public Sector Enterprises in the Textile Sector
began only in 1960 and within three decades, the number of such
Enterprises had increased to seven. They are as follows -

<table>
<thead>
<tr>
<th>Name of the Enterprises</th>
<th>Location</th>
<th>Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Assam Spun Silk Mills Ltd.</td>
<td>Morigoan,Jagiroad</td>
<td>1960</td>
</tr>
<tr>
<td>2. Assam Co-Operative Spinning Mills Ltd.</td>
<td>Boitamari,Goalpara</td>
<td>1979</td>
</tr>
<tr>
<td>3. Swahid Kusal Konwar Samabai Sutakol Ltd</td>
<td>Dabidubi, Golaghat</td>
<td>1979</td>
</tr>
<tr>
<td>4. Assam State Textile Corporation Ltd.</td>
<td>Noapara 1,Bongaigoan</td>
<td>1980</td>
</tr>
<tr>
<td>5. Assam Polyester Co-Operative Society Ltd.</td>
<td>Tulsibari,Rangia</td>
<td>1981</td>
</tr>
<tr>
<td>6. Assam Polytex Ltd</td>
<td>Morigoan,Jagiroad</td>
<td>1982</td>
</tr>
<tr>
<td>7. Assam Syntex Ltd.</td>
<td>Nathkuchi,Rangia</td>
<td>1982</td>
</tr>
</tbody>
</table>

1. Assam Spun Silk Mills Ltd.

This premier spun silk mill is situated at Morigoan in Jagiroad.
This was the first Public Sector Enterprise to be established in
the textile sector in Assam, which was incorporated on 31.3.60 and
commissioned on 18.12.61. It was started with the objective of
helping weavers of 'Eri', 'Muga' and 'Mulberry' silk yarns. It was
started with an Authorised share capital of Rs. 85 lakhs, the
entire share capital was expected to be contributed by the State
Source - Personal Survey of all SLPEs in the Textile Sector.
Government. From the beginning of its inception, the mill started earning net profit and it continued to do so for more than a decade up to 1981-82. But suddenly, the performance of the mill became poor in 1982-83, when it incurred a net loss of Rs 9.02 lakhs. Thereafter only nominal profits were made in 1983-84 and 1984-85. Then again after 1985, the mill started incurring heavy losses and has continued to do so till date, with the exception of 1991-92, when it made marginal profit. According to the employees of the mill, under the leadership of the present Managing Director, the situation of the mill has been improved considerably. The current price of the spun silk yarn production of the mill in the market is around Rs 600/- per kg and the demand for the yarn has also shown a considerable leap in recent times.

However, the mill had no accumulated loss till 1990-91, but started accumulating loss from 1991-92. The main problem of the mill is that its machinery is very old and almost obsolete. However, this problem can be overcome by modernising its machinery. Though this mill was established in 1960, no major renovation or replacement had been done, even after almost 33 years of its existence. Due to the wear and tear of the machinery, the operating cost of the mill has also gone up tremendously.

Basic Information about the Company -

Objectives - The main objectives of the company is to manufacture and sell spun silk, Noil yarn and fabrics. the objectives laid down by the company are -

1. To help weavers of 'Eri', 'Muga' and 'Mulberry' silk yarn;
2. To help silk spinners and reelers of the state;

1. "The Sentinel" - a daily newspaper of the North East, Tuesday May 11, 1993, 'Silk Mills to be privatised', p.3.
3. To ensure steady market for cocoons, waste and bye-products of the industry;
4. To assist the weavers with supply of pure silk and other yarns.

**Administrative Department - INDUSTRIES**

**Extent of fulfilment of objectives** - Local growers of Eri & Muga are getting good prices for their products and the demand for spun silk and Noil yarn of the country are practically fulfilled. The operating capacity has, however, been reduced considerably because of over-aging of the machines.

**Capital Structure** - (Rs in lakhs)

- Authorised - 500; Paid-Up - 170.

**Term Loan** - The company availed of Long Term Loan of Rs 40 lakhs from the State Government in 1986-87 and Rs 3.83 lakhs to Rs 1.58 lakhs from 1983-84 to 1986-87, from other sources. Short Term Loans ranging from Rs 4.05 lakhs to Rs 51.16 lakhs were also available from Commercial Banks in different years. The total resources of the company have gradually increased from Rs 99.37 lakhs to Rs 302.97 lakhs from 1980-81 to 1986-87. This resource includes Rs 130 lakhs received from the Government in 1983-84 to be invested in Assam Polytex Ltd., and Grants-In-Aid of Rs 12.67 lakhs.

**Installed Capacity** - The Mill has an installed capacity of 3000 spindles for spun silk yarn and 420 spindles for Noil yarn. It also has a Weaving Section with 50 handloom and one powerloom.

**Capacity Utilisation** - Spun Silk - 69.5%; Noil - 130.5%

To utilise the available quantity of Noil materials and also to meet the market demand, a third shift had been arranged in the Noil department during 1986-87.
Physical Performance:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Production (kgs)</td>
<td>57245</td>
<td>57406</td>
<td>53329</td>
<td>59415</td>
<td>56625</td>
</tr>
<tr>
<td>Capacity Utilisation (%)</td>
<td>82</td>
<td>82</td>
<td>77</td>
<td>85</td>
<td>84</td>
</tr>
</tbody>
</table>

Employment in Numbers: 441

- Executives: 13
- Supervisory: 16
- Others: 412
- Scheduled Caste: 35
- Scheduled Tribe: 144
- OBC: 111
- Women: 66
- Handicapped: 1


2. Assam Co-Operative Spinning Mills Ltd.

The Assam Co-Operative Spinning Mills Ltd was the second Public Enterprise to be set up in this region, in the textile sector. It was registered on 2.3.79 under the Assam Co-Operative Societies Act, 1947 (Assam Act 1, of 1950). The Mill was set up with the objective of promoting the economic interest of its members by undertaking spinning, dyeing, sizing, weaving and manufacturing of textile materials of all kinds and to supply yarn of all types to the weavers of this region. Initially, after commissioning, the Mill started incurring pre-operative losses from 1981-85. But, thereafter, it started earning interests on its cash investment in various Institutions. This interest earned has been shown as profit of the mill in its Financial Statements from 1985-86 to 1987-89. Thereafter, it was again shown as making losses till date. But the fact of the matter is that this mill has been on trial run, since the time of its inception 13 years ago till date and no substantial or commercial production has been done. All its
losses are, therefore, pre-operative losses and its profits are actually interests earned on its cash investments. The main problem of the mill is that the original manufacturer of its machineries, M/S MEI has closed down operations and the mill has not been able to procure and install the remaining machineries from alternative sources.

Basic Information of the Organisation:

Administrative Department - CO-OPERATION

Basic Objective: To produce 100% cotton yarn of 10,000 kg per day in 25,000 spindles.

Extent of fulfilment of objectives - 7,680 spindles and 168 Rotors installed but the Mill is on trial run only.

Physical Performance - On trial run only.

Employment in Numbers - 245

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>5</td>
</tr>
<tr>
<td>Supervisory</td>
<td>5</td>
</tr>
<tr>
<td>Others</td>
<td>236</td>
</tr>
<tr>
<td>Scheduled Caste</td>
<td>12</td>
</tr>
<tr>
<td>Scheduled Tribe</td>
<td>15</td>
</tr>
<tr>
<td>OBC</td>
<td>129</td>
</tr>
<tr>
<td>Women</td>
<td>37</td>
</tr>
<tr>
<td>Handicapped</td>
<td>1</td>
</tr>
</tbody>
</table>

Capital Structure: (Rs in lakhs)

Authorised - 1500; Paid-Up - 620.


3. Swahid Kusal Konwar Samabai Sutakol Ltd.

In the same year, in 1979, another Public Enterprise in the textile sector was established at Dabidubi in Golaghat district. The name of this mill is Swahid Kusal Konwar Samabai Sutakol Ltd. which was established on 23.3.79 as a Co-Operative Society under the Co-Operative Societies Act, 1947. It had the same basic objective as the Assam Co-Operative Spinning Mills Ltd, ie, to
promote the economic interest of its members by undertaking
spinning, dyeing, sizing, weaving and manufacturing of textile
materials of all kinds, and by supplying yarn to all types of
weavers. The Authorised capital of the Mill was Rs 500 lakhs upto
1984-85 and this was raised to Rs 1500 lakhs in 1985-86. The Mill
is at present faced with acute financial problems. 'The 276
employees of the Mill are facing an uncertain future. production
has come to a grinding halt since the second week of June 1993.
Sources in the Mill said that with no stock of cotton, production
is at a standstill, while from the month of May, the mill workers
have not been paid their salary. Presently, even the Mill's fund
does not permit purchase of cotton.

The Mill started spinning on an experimental basis since August
1990. However, due to irregularities during the period of the
previous management, the Mill became sick soon. If no steps are
taken shortly for its revival, this Rupees 15 crore project will
collapse.'

The establishment cost of the Mill with 25,000 bobbins, was
estimated at Rs 8,88,00,000 in 1981. But it was started at the
estimated cost of Rs 11,50,00,000 and presently it has gone above
Rs 15 crores, according to revised estimate. There is no proper
authority to supervise the functioning of the Mill, it is learnt
from reliable sources.

The state government allotted 656 bighas of surplus land to the
Mill, for the production of cotton. But no scheme has yet been
materialised. the Mill started production on experimental basis

1. The North East Times, (a local English Daily), dt. 30.6.93,
'Spinning Mill Faces Acute Fund Crunch'
since August, 1990. The Mill has not yet completed three years, has become sick. More than 300 employees, including officers have been working in the mill. Several problems like lack of local raw material - cotton, poor power supply, lack of medical facilities to the workers, lack of worker's quarters, etc have still not been solved. Due to shortage of cotton, only 10,800 bobbins out of 25,000 are working. The sources close to the Mill said that one part of the Mill is completely closed now. Besides, 46% machineries of the Mill are now working and out of 24 ring frame machines, 21 are working'.

Basic Information:

Administrative Department - CO-OPERATION

Basic Objective - To produce 100% cotton yarn

Extent of fulfilment of objectives - 46% machineries installed and commissioned. Yarn production on trial basis taken up from August 1990.

<table>
<thead>
<tr>
<th>Physical Performance</th>
<th>1990-91</th>
<th>1991-92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Utilisation</td>
<td>21%</td>
<td>36%</td>
</tr>
<tr>
<td>Achievement Target</td>
<td>33%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Employment in numbers - 156

- Executive - 5
  - Scheduled Caste - 6
- Supervisory - 1
  - Scheduled Tribe - 5
- Others - 153
  - OBC - 61
  - Women - 4
  - Handicapped - 1

Capital Structure - Authorised - 1500; Paid-Up - 557
(Rupees in lakhs)

1. The Assam Tribune, (a local English Daily), dt. 14.5.93, 'Golaghat Sutakol In Bad Shape'
The Assam State Textile Corporation Limited was registered under the Companies Act of 1956 on 26.2.80 at Noapara 1, near Bijni in Bongaigoan district, and was commissioned in January 1987. The establishment of the Corporation has a long and interesting history behind it. In the late 1970's the government of India constituted a 'Task Force' to examine the feasibility of textile industries in Assam on the down stream products of the newly established Bongaigoan Refinery & Petrochemicals Ltd. (BRPL). The Task Force was of the opinion that there was a bright prospect for textile industries in Assam and on the basis of this, the idea of creation of ASTCL was conceived, which was in turn expected to promote the decentralised powerloom sector and other related economic activities to this end. The creation of the ASTCL was mainly to accelerate/strengthen the industrial growth of the state by establishing new projects on textiles using Polyester Staple Fibre (PSF) from BRPL. Finally the ASTCL started with a bright beginning but has not been able to make profits till date. Its yarn market is established and the fabric marketing was initiated, but the fabric died a premature death in the market. To improve its performance, it has to improve its capacity utilisation which has been rather poor, rising to the highest of 55% in 1991-92. The creation of this Corporation was mainly to promote the industrial growth of the state by establishing new projects on textiles using Polyester Staple Fibre from the BRPL.
This Corporation was initially under the Administrative control of the Sericulture and Weaving Department of the Government of Assam. The administrative control of the Corporation was finally transferred to the Industries Department on September 23, 1980. The first venture of the Corporation was the establishment of a synthetic spinning unit comprising of 15,232 spindles at village Noapara 1, near Bijni in Bongaigoan district. The spinning mill which was commissioned on 23rd December 1980, started its commercial production from 1st January, 1987 at a cost of Rs 11.40 crores. Apart from the spinning complex, two other units, namely Weaving Complex and Process House have been established at an estimated cost of Rs 9.90 crores. The production of grey fabric has already been accomplished with a production capacity of 10,000 metres per day. The processing of grey fabric is expected to resume very soon with a production capacity of 20,000 metres/day.

In order to encourage the local entrepreneurs to come forward for the establishment of looms, the Corporation has formed a subsidiary Corporation named Assam Powerloom Development Corporation. It was decided to set up three non-decentralised Weaving Complexes at Kaliabor, Guwahati and Barpeta. Work on the first two have already progressed with a planned capacity of 96 tonnes each.

According to the NITRA Report on ASTCL, the following trends were noticed in ASTCL -

1. All units have installed capacity of 16,000 to 17,000 spindles (approx) each and started commercial production since 1986-87;

2. Normal working of all units have been disturbed in the previous years due to labour unrest, shortage of power, labour absenteeism, 

1. NITRA (Northern India Textile Research Association) Report on the Techno-Commercial Study of ASTCL, Ghaziabad, UP, December 92
shortage of viscose as raw-material, etc.;
3. Units have incurred huge losses from the beginning, the total accumulated loss as on December '92 is Rs 6-7 crores (approx)/unit;
4. Presently there is no working capital with the units even to purchase raw materials. As a result, most machines are lying idle, incurring huge amount of unutilisation losses;
5. The government of the state also does not seem to have sufficient funds to provide for working capital;
6. Even if the required working capital is provided to the Mill, the government, from past experience, is not confident enough to assure itself that the Mill will be viable.

Basic Information:
Administrative Department - INDUSTRIES

Basic Objectives - The basic objectives of the Corporation are as follows -
1. To set up and run textile mills in Assam;
2. To manage any business on textile mills entrusted to it by the government;
3. To acquire and/or hold shares on business on textiles;
4. To lend money to textile mills or stand guarantee;
5. To act as consultant in textile business;
6. To carry on business of cotton, silk, chemical yarn spinners and linen manufacturers and to spin, weave and manufacture yarns;
7. To carry on business of dyers, printers and bleachers.

Extent of fulfilment of Objectives - The yarn market is established. Fabric marketing was initiated. However, performance is not satisfactory in case of installed capacity.
Physical Performance -

<table>
<thead>
<tr>
<th></th>
<th>87-88</th>
<th>88-89</th>
<th>89-90</th>
<th>90-91</th>
<th>91-92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Capacity (MT) -</td>
<td>1750</td>
<td>1750</td>
<td>1750</td>
<td>1750</td>
<td>1750</td>
</tr>
<tr>
<td>Actual Production (MT) -</td>
<td>51</td>
<td>427</td>
<td>719</td>
<td>861</td>
<td>960</td>
</tr>
<tr>
<td>Capacity Utilisation (%) -</td>
<td>3</td>
<td>24</td>
<td>41</td>
<td>49</td>
<td>55</td>
</tr>
</tbody>
</table>

Employment in Numbers - 773

- Executives - 29
- Supervisory - 40
- Others - 704
- Scheduled Caste - 50
- Scheduled Tribe - 76
- OBC - 547
- Women & Handicapped - NIL

Capital Structure : (Rs in lakhs)-

- Authorised - 2,000
- Paid-Up - 1544

(Note - The original authorised capital of the company was Rs 500 lakhs only. In 1985-86 and 1986-87 the company received advances of Rs 134.5 lakhs and Rs 184.501 lakhs respectively from the state government for setting up of Weaving & Processing Houses pending formation of a separate company or raising the authorised capital of this company.)

5. Assam Polyester Co-Operative Society Limited (APOL)

The Assam Polyester Co-operative Society Limited (APOL) was registered in September 1981, under the Assam Co-Operative Societies Act, 1949 (Act 1 of 1950) for setting up of a Polyester Spinning Mill of 19200 spindles capacity, as a down stream project of BRPL. The entire plan for the establishment of this society was taken by some students at the time of the Assam Agitation in 1979-80. In the year 1980, BRPL for the first time announced that it would produce 30,000 MT of polyester fibre. This was the beginning for a few young energetic boys who were studying in the Assam
Basic Objectives

The basic objective of the Society are to manufacture polyester yarns and polyester blended yarns and other synthetic yarn and to do business of man-made yarns and fabrics; to manufacture, supply, sell and deal in textile, spinning, weaving machinery for the economic interest of its members.

Till date, the performance of the Society is very promising in comparison to other state sector textile mills. However, it does have accumulated losses to the tune of Rs345 crores, the causes for which are mainly due to power shortages leading to 25% loss of production and 15% loss of production due to the shortage of raw material (Viscose Staple Fibre).

In line with its objectives, the first industrial venture of the Society, a blended yarn spinning mill with 19,200 spindles was commissioned on 24th June 1988, three months ahead of schedule and without any cost over-run. Total capital outlay of the spinning mill was Rs 12 crores and today this spinning mill is providing direct employment to 575 persons. The present capacity utilisation of the mill is 63%, producing about 90 lakhs of rupees value of polyester blended yarn per month. In spite of the critical power situation in the state of Assam which has a major effect on various industries, coupled with the comparatively low workers efficiency, the spinning mill has been able to sell its products in the highly competitive yarn market without incurring any cash loss. The Spinning Mill of APOL is situated near Rangia, in Tulsibari. In the spinning process, Polyester Staple Fibre (PSF), a petroleum bye-product and Viscose Staple Fibre (VSF) are combined into yarn. The spun staple fibre is bought from BRPL in
Bongaigoan and the Viscose Staple Fibre from Nagda in Madhya Pradesh. There are 25,000 spindles in this unit of which, only 19,200 are used. The average yarn production in a day is 4-5 tonnes. There are 158 powerlooms which produce 2-3 tonnes of yarn a day. One portion of this yarn is sent to Bombay and the other portion is sent to local firms here.

The Weaving and Processing Projects of the Society were sanctioned by the Government of Assam in the 40th meeting of the Public Investment Board (PIB), held on 7.3.89. The physical execution of the project was started on 10th December 1989 and the project was inaugurated within a span of about 13 months on 18.1.91. This project was also completed without any cost over-run. This project offers employment to 475 people directly. The Weaving and Processing Unit is the first of its kind in the entire North-East region with a capacity of producing 20,000 metres of polyester based fibre per day. In this Weaving and Processing Units, the yarn is spun into fabrics which are dyed and processed and sent to showrooms. These units are spread over an area of 90 bighas at Tulsibari. The finished products are marketed all over Assam, West Bengal, Punjab, Rajasthan and Bombay. There is a great demand for the products of APPOL all over Assam.

Basic Information:
Date of Incorporation - 14.9.1981
Administrative Department - CO-OPERATION

Capital Structure (Rs in lakhs) -
Authorised - 1500; Paid-up - 1135.

Status of Accounts - Provisional - 1991-92; Audited - 1990-91
Employment in Numbers - 1024

<table>
<thead>
<tr>
<th></th>
<th>Spinning</th>
<th>Weaving</th>
<th>Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>25</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Supervisory</td>
<td>73</td>
<td>26</td>
<td>13</td>
</tr>
<tr>
<td>Workers</td>
<td>439</td>
<td>190</td>
<td>171</td>
</tr>
<tr>
<td></td>
<td>537</td>
<td>225</td>
<td>192</td>
</tr>
</tbody>
</table>

Physical Performance -

<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>a) Spinning (Lakhs Kg)</td>
<td>2.5</td>
<td>6.5</td>
<td>9.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Capacity Utilisation (%)</td>
<td>13</td>
<td>34</td>
<td>51</td>
<td>52</td>
</tr>
<tr>
<td>b) Weaving (Lakhs Metres)</td>
<td>-</td>
<td></td>
<td>10.5</td>
<td></td>
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<tr>
<td>Capacity Utilisation (%)</td>
<td>-</td>
<td></td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>c) Processing (Lakhs Metres)</td>
<td>-</td>
<td></td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>Capacity Utilisation (%)</td>
<td>-</td>
<td></td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

a) WEAVING - Project Cost - Rs 747 lakhs.

Equity share (From the government of Assam, Industries Department) - Rs 356 lakhs

Term Loan (From IDBI,IFCI & ICICI) - Rs 373 lakhs

Rs 729 lakhs

Selling of Shares - Rs 18 lakhs

Rs 747 lakhs

b) PROCESSING - Project Cost - Rs 152.4 lakhs

Equity Share - Rs 152.4 lakhs

Term Loan - Rs 228.6 lakhs

Rs 381 lakhs

95% of Rs 381 lakhs, ie, Rs 361.95 lakhs is provided by National Co-operative Development Corporation (NCDC) as loan to the government of Assam. The remaining 5% was given by the government of Assam from its own treasury.
6. Assam Polytex Limited

Assam Polytex Ltd was incorporated on 29.5.82 as a government company under the Companies Act, 1956. The Spinning Mill was commissioned on 1.3.87, and commercial production started on 1.4.88. Assam Polytex Ltd is promoted by Assam Spun Silk Mills Ltd., as its subsidiary for setting up a spinning mill for the manufacture of synthetic blended yarns in Nowgoan district of Assam which is a backward area and is eligible for concessional finance from Financial Institutions. It was thought at that time that polyester fibre will be available plentifully from BRPL, when it goes 'on-stream', and Assam Polytex Ltd was set up as one of the several 'down stream' units of this Petro-Chemical Complex.

Basic Information:

Administrative Department - INDUSTRIES

Basic Objectives - The main objective of the company is to manufacture polyester blended yarns and other synthetic yarns and do business of man-made yarns, fabrics; to manufacture, supply, sell and deal in textile, spinning and weaving machinery; to act as consultant in textile line; to carry on business of manufacturing, dyeing, printing, colouring spinning and weaving of all fabrics of cotton, silk, artsilk, woollen, linen, hemp, jute, rayon and other yarns.

Extent of fulfilment of objectives - The marketing of the products of the company has been managed smoothly. However, the performance of the Mill is rather poor in relation to the installed capacity.
Employment in Numbers - 612

Executives - 9  Scheduled Caste - 42
Supervisory - 16  Scheduled Tribe - 248
Others - 587  OBC - 155

Women - 7
Handicapped - 1

Capital Structure (Rs in lakhs) -

Authorised - 1,000;  Paid-up - 562

Status of Accounts - Provisional - 1991-92;  Audited - 1986-87

Physical Performance -

<table>
<thead>
<tr>
<th></th>
<th>1987-88</th>
<th>88-89</th>
<th>89-90</th>
<th>90-91</th>
<th>91-92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Production (MT)</td>
<td>143</td>
<td>429</td>
<td>586</td>
<td>583</td>
<td>536</td>
</tr>
<tr>
<td>Capacity Utilisation (%)</td>
<td>8</td>
<td>25</td>
<td>34</td>
<td>34</td>
<td>31</td>
</tr>
</tbody>
</table>

Installed Capacity - 16,184 spindles.

7. Assam Syntex Limited

The Assam Syntex Ltd was registered in 1982 under the Companies Act, 1956, as a subsidiary unit of Assam Industrial Development Corporation Ltd. It was set up as a Polyester Spinning Mill as a downstream project of BRPL. It started commercial production from 1.12.86. The company has been successful in acting as a catalyst in establishing downstream projects like Process Houses in the state. However, the capacity utilisation has been around 50% only, against the industry level of 85%. Due to the major constraints like power shortages, working capital shortages and shortage of Viscose Staple Fibre (VSF), the company is turning into a negative networth position. However, there exist the possibility to convert the enterprise into a Joint Sector Company.
In order to trace the history of Assam Syntex Ltd, one has to go back a few decades to the 4th Five Year Plan. Upto the 4th Plan, organised textile industry in Assam and the North-East was near non-existent. Two cotton spinning mills, ie, Associated Industries of Assam at Chandrapur under the management of National Textile Corporation and Birla Cotton Mills at Chariduar, a privately managed spinning mill, each of 12,500 spindles capacity and both established in the early 1960's as cotton spinning mills could not have much impact in improving the yarn availability to the Handlooms at reasonable prices. The capacity of the mills also remained stagnant. Assam Spun Silk Mill at Jagiroad was established in 1961 and is exclusively spinning spun silk yarns from Mulberry Silk waste and other wastes of Eri and Muga. As such it became most urgent to initiate action for a complete textile culture in the state in the organised sector. Immediately with the establishment of the BRPL Complex with planned programme of producing 30,000 MT of polyester fibres in technical collaboration with Dupont of America, the seriousness of utilising the maximum polyester fibres thus to be locally available gained ground with the planners of the state. Thus, with all efforts of the state government, this Mill was established at No.2, Nathkuchi, Tihu, in Nalbari district at a distance of 96 kms from Guwahati.

However, the mill is today under the threat of total closure. The commissioning of this first synthetic spinning mill in the North Eastern region with less than 10% cost escalation and at a Project cost of Rs 8.44 crores in record time has been able to produce the second best quality of Polyester Viscose blended yarn.
**Basic Information:**

**Administrative Department - INDUSTRIES**

**Basic Objectives** - The main objectives of the company are to manufacture polyester yarns, polyester blended yarns and other synthetic yarns and to do business of man-made yarn and fabrics; to manufacture, supply, sell and deal in textile spinning and weaving machinery; to act as Consultant in textile lines, and to carry on business of manufacturing, dyeing, printing, colouring, spinning and weaving of all types of fabrics.

**Extent of fulfilment of Objectives** - The company has been successful in acting as a catalyst in establishing downstream projects like powerlooms and Process Houses in the state.

**Capital Structure (Rs in lakhs)** -

- Authorised - 1,000;
- Paid-up - 512

**Status of Accounts** - Provisional - 1990-91; Audited - 1988-89

**Employment in Numbers** - 570

- Executives - 6
- Supervisory - 15
- Others - 549

- Scheduled Caste - 31
- Scheduled Tribe - 56
- OBC - 117

- Women & Handicapped - NIL

The AIDC has also set up two other subsidiary companies, which are to receive the products of Assam State Weaving & Manufacturing Company, which is being set up at Kathimari Pathar in Hoiborgoan at a cost of Rs 14.31 crores. This company with 250 high speed automatic looms was to receive its requirements of Polyester Viscose (PV) yarn from Assam Syntex Ltd. But due to the threat of
closure being faced by the company itself, the fates of the other two mills also remains uncertain. Some local newspaper reports about the problems of the Mill are provided below —

"The Polyester Spinning Mills of Assam Syntex Ltd, a subsidiary of the Assam Industrial Development Corporation, commissioned in 1986 at Nathkuchi near Tihu which was expected to augment industrial development and to strengthen the rural economy of the traditional handloom weavers of the state and benefit a large number of people, is now heading towards closure following Assam Government’s failure to honour its commitment in releasing the aid of Rs 2 crores and Rs 7 lakhs and 74 thousand made in the Assembly floor on March 21 last.

The Mill which generated direct employment to about 565 people and indirect employment to many others is reported to have been facing serious deadlock which seems to have caused great loss to the mill threatening its existence.

The serious financial crunch has already led the Assam State Electricity Board to disconnect power line on May 16 last (1993) in default of payment of Rs 13 lakhs. Moreover, the workers have not been paid their salary for the last four months"

"If acute power shortage crippled the Assam Syntex Ltd., short supply of raw materials completely chocked it. The Assam Industrial Development Corporation's monitoring cell meant to supervise the functioning of state sector enterprises like the Assam Syntex Ltd took no steps to secure the required supply of raw materials all these six-and-a-half years, since the mill started its commercial production.

1. The Assam Tribune, dated June 20, 1993, p.3, 'Polyester Spinning Mills facing closure.'
2. The North-East Times; dated July 2, 1993, p.3, 'Shortage of raw materials chosed ASL'
2.2 - REVIEW OF THE ORGANISATIONAL STRUCTURE & DESIGN OF THE MAJOR PUBLIC ENTERPRISES IN THE TEXTILE SECTOR

Organisation is defined as the 'Process of identifying and grouping work to be performed, defining and delegating responsibilities and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives'.

According to Koontz and Weihrich, organising can be regarded as the 'Identification and classification of required activities, the grouping of activities necessary to attain objectives, the assignment of each grouping to a manager with authority necessary to supervise it (delegation) and the provision for co-ordination'.

Organisation, however, refers to the structural relationship by which an Enterprise is bound together and the framework in which individual work is co-ordinated. According to Mooney & Reiley, 'Organisation refers to more than the frame of the edifice. It refers to the complete body with all its co-related functions'.

The structure of an Organisation is its frame-work, its scheme of relationship in action. 'Organisation is more than a Chart - it is the mechanism through which Management directs, co-ordinates and controls the business. It is indeed the foundation of Management. If the Organisation Plan is ill-designed, if it is merely a makeshift arrangement, then management is rendered difficult and

ineffective. If, on the other hand, it is logical, clear cut and streamlined to meet present day requirements, then the first requisite of sound management has been achieved.

From the above definitions, it can be seen that the terms 'Organising' and 'Organisation' have different meanings, though related in context. Whereas, Organising defines a process. Organisation means the framework of internal relationships. In essence, organisation is the foundation upon which the whole management structure is built. It has rightly been said that organisation is a vehicle through which the goals of an enterprise are sought to be attained.

The Organisation structure can be also defined as the establishment of formal relationships among various components like people and their activities in the organisation. It is the patterning of these relationships with some degree of permanency which is referred to as Organisation Structure.

Design of the Organisation involves such issues as to how the work of the organisation will be divided and assigned among the different positions and divisions and departments as also the various people manning these positions within the organisation. It also deals with the co-ordination necessary to accomplish the total organisational objectives to be achieved. Besides the formally established organisational structure, people also create relationships independent of these formal relationships, known as Informal Organisations. Thus, organisational structure and design

1. Fish, Lousesbury, Organisation Planning, American Management Association, General Management Series, No-142. 1948, pp.15
implies the totality of both formal and informal relationships.

Before starting organisation designing, it is desirable to identify the features and importance of a good organisation structure so that various activities of designing are related with these to make it more effective. In general, there can be the following rules or an effective organisational structure -

1. It should facilitate management decision-making and their implementation; 2. It should encourage efficiency and high productivity from workers; 3. It should help in the flow of direct communication—both upwards as well as downwards; 4. It should encourage optimum use of organisational resources; 5. It should stimulate creativity among workers; 6. It should create job satisfaction.

Organisation Structure of Public Sector Enterprises:

After Independence of India in 1947, and with the passing of the Industrial Policy Resolutions by the Government of India, a large number of Public Enterprises have come into existence, and are playing a very decisive role in the development of the economy. A number of new units in the Public Sector have been promoted while a large number of Private units have been nationalised over the years.

The growing number of Public Enterprises have raised the problem of Administrative Forms. The Form of the Public Enterprises should be such that it can provide considerable Financial and Administrative autonomy within the framework of overall policy and

1. Ibid., pp. 27
to avoid excessive centralisation and bureaucracy in its operations. Keeping this in view, the Public Enterprises have been organised as distinct autonomous units with varying degrees of legal and operational independence. Thus, organisation of Public Enterprises should be designed keeping in mind the autonomy that they need and the accountability that should be enforced.

It is thus clear that organisation and management is the most important problem of Public Sector Enterprises. 'The type of Organisation has an important bearing on the success or failure of the Enterprise. If the choice is right, it can promote good administration resulting in sound management and efficient production of services. If the choice is wrong, it would obstruct good administration, resulting in uneconomic production, inefficient service and unscientific management.'

Types of Public Enterprises -

Public Enterprises can be divided into seven categories as far as the scope and nature of the Undertaking is concerned -

1. Public Utilities, like water, electricity;
2. Transport and Communication, like buses, railways, airways;
3. Banking, Credit and Insurance, like LIC;
4. Multi-Purpose Development Projects, like Damodar Valley Projects;
5. Basic Established Industries, like Steel, Iron Ore;
6. New Industries or Services, like Hindustan Steel, HMT, State Trading Corporation;
7. Cultural activities, like Arts Council, Film Corporation of India.

1. Agrawal, R.C., State Enterprises in India, Chaitanya Publishing Houses, 1961, pp. 166
Public Enterprises in India engaged in Manufacturing Processes have been organised in three principal forms. They are -

1. **DEPARTMENTAL FORM** - Initially, no distinction was drawn between Public Enterprises and traditional Government Departments. The oldest State Enterprises like the Postal, Telegraph and Telephone services, Railways, etc were organised, financed and controlled as any other Government Department. Thus, the oldest form of managing Government Enterprises is the Departmental Form. It is the oldest method of organising and operating the State Enterprises in India. It is a three-tier system involving the Cabinet Minister, the Civil Servant and the Treasury. The Minister is at the top of the Organisation. He is accountable to the Cabinet and to the Parliament. The Minister delegates power of authority to senior civil servants for the general administration of the Enterprise. The Government treasury also plays its role vis-a-vis the Enterprise. It exercises financial control over them. This form of organisation is still commonly employed when the main purpose of the Enterprise is to provide revenue to the Government. Such Units exists as Department of a Government Ministry headed by the Minister and manned by Civil Servants. Such Departments are financed by Annual Appropriations from the Treasury and are subject to strict Parliamentary and Budgetary Control.

**Evaluation** - Enterprises run as a Department of the Government work under the administrative machinery of the Government. Executive decisions are taken at Departmental levels and watched supervised and executed by the Department. As there is strict Financial and Auditory control, hence there is no question of
public money being wrongly spent. Full accountability to the Parliament is ensured under this system. These types of Undertakings contribute directly to the Exchequer and thus increase the resources of the Government.

As against the merits of these Undertakings, the Departmentally organised Enterprises have found to be weak in many respects. The conclusions of various Committees, particularly the Gorwala Committee, the Krishna Menon Committee, the ARC and the U.N. Seminar on Public Enterprises in ECAFE Countries is summed thus:

The Departmentally run Undertakings are generally at the mercy of the political parties and ministers controlling the Department. Their decisions and actions are mainly influenced by the ideology of the ruling political parties. Thus, a change in the Government will influence the policies of the Undertakings. Moreover, the policies of such Undertakings suffer from instability because of the uncertainties attached to the tenure of the Ministers and the political parties.

Another important factor worth mentioning is that the management of these Undertakings is entrusted to the Civil Servants (I.A.S.), who may be efficient administrators, but they lack business acumen as they are not trained to take risks, so essential for proper management. The Ministers concerned are also not capable of understanding the problems of managing a business or industry.

2. Krishna Menon Committee, Report on 'Parliamentary Supervision over State Undertakings', 1960
Moreover, this form of Organisation lacks flexibility, which is so essential for effective business operations, it leaves no scope for initiative and skill as the minutest details of the working of such Undertakings are subject to Parliamentary control. Authority under this form of organisation is centralised in the hands of the Minister concerned. This often results in difficulties in taking actions expeditiously.

Quite often Departmental Undertakings become synonymous with red-tape, delays, inadequate service and insensitivity to consumer needs. It is generally described as Bureaucracy in management and control. Under this type of functioning, business considerations are more often than not over-shadowed by political and other considerations. Decisions are taken more on political ground rather than on business grounds.

Since the management personnel consists of Civil Servants, they are often transferred from one job to another according to the usual Government practice and this policy is counter to the continuous and long term policy of the Enterprise.

In Departmentally run Enterprises, profit is not a criterion or index of success. Although in a Public Enterprise, profit may not be the only or even the most important condition, yet, profitability is a sound index of efficiency in all normal situations and must be included as a critical index of efficient management of a Public Commercial Enterprise. The contribution made by these Undertakings to general revenues is used by the Government for tax-relief to the public through the Budget and/or losses are borne by the tax-payers. As these Undertakings are loss
prone due to their inefficient working, thus, such Undertakings become a burden on the tax-payers.

**Suitability** - The organisational structure and working of this type of Enterprise is incompatible with the requirements of a successful business Undertaking. It therefore cannot be recommended for a Business Unit. But, because of certain distinct advantages, it is suitable for the following types of cases -

1. Where secrecy is of vital importance as in the case of Defence Industries;
2. Where the Government desires to exercise firm control and monopoly power in vital sectors like Broadcasting;
3. Where the exercise of Economic Controls is necessary as State Trading in certain essential commodities and rationing;
4. Where the projects require huge investment which can only be assured by the Government;
5. Where the main purpose of its setting up is to provide revenue.

Though this type of organisational structure stifles initiative, flexibility and creativity in the efficient conduct of the Enterprise, it is inevitable for industries requiring security and secrecy.

However, as the main problem with these Enterprise form is more basic, it can be summed up in the words of the Rangoon Seminar Report, 'As long as the Enterprise is not clearly differentiated from other types of Governmental activity, strong pressures will be brought to make it conform to standard government regulations and procedures, since emphasis on uniformity is a common characteristic of a bureaucratic administration'.

2. **Public Corporation or Statutory Corporation** - During the last 40 years or so, a new form of Organisation for managing Public Enterprises has been evolved in the shape of Public Corporation. It is a body corporate created by a special Act of Parliament or the Legislative Assembly, describing its powers, responsibilities, rights and duties. It has full autonomy in operations within the framework of the Act. Its capital is fully subscribed by the government. Thus, it is owned by the Government but managed like a Private Enterprise. It is a unique combination of public interest and flexibility in operation. As far as its organisation is concerned, it is governed through its Board of Directors appointed under the provisions of the Act and answerable to the legislature. Sometimes, it is managed directly under the executive authority of the government. Financially, it is quite independent and manages its financial operations without any Departmental control. It is not subject to any budget appropriations except to provide capital and to cover losses. The executive authority of the Corporation is not vested on Civil Servants. A Corporation is fully exempt from most of the prohibitory and regulatory provisions as they are applicable to the Departments. It is run mostly on commercial lines. In fact, in the Public Corporations, what is seen is a combination of Public ownership, public accountability and business management for public ends.

**Evaluation** - The principal benefits of the Public Corporation as an organisational device, are its freedom from unsuitable government regulations and controls and its high degree of operating and financial flexibility. In this form, a balance is seen between the autonomy and flexibility enjoyed by private
enterprises and the responsibility of the public as represented by elected members and legislators. However, this form, in its turn, has given rise to a number of other problems, namely, the difficulty of reconciling autonomy of the Corporation with public accountability. That the Public Corporations cannot be made immune from ministerial control and direction is universally conceded. But, how to do it without infringing on their authority is a dilemma defying solution. The theory of Corporate autonomy has come into direct conflict with the urgent need for bringing the operations of these Corporations into harmony with related actions of the government. Moreover, 'Public Corporations do not function in a political vacuum. Removal from the so-called political pressures may mean, in fact, that the significant political power is being placed in the hands of a small unrepresentative, and, in extreme cases, possibly even a self-perpetuating group controlling the Public Corporations'.

'The Public Corporations in India are empowered to regulate their personnel policies, but many of them have also borrowed civil service rules for promotion, seniority, dismissal, etc. Further, the Corporations are required to obtain prior approval of the government for regulations regarding terms and conditions of service of their employees including any amendments thereto. And this may compromise their autonomy'.

The Public Corporation has been recommended by many study groups. It is found to be the best form for industrial and manufacturing concerns when an element of private participation is desirable.


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3. **Government Companies** - With the growing number of Public Enterprises, it soon became difficult for the government to pass a special Act for each Unit and hence a new form of Public Enterprise was developed under which the government tried to get an organisation registered under the Companies Act of the country. This form of organisation of Public Enterprise is now popular in almost all the countries of the World, including India. It is also known as 'Mixed Enterprise' or 'Mixed Ownership Corporation' as the government has an opportunity to have a major share along with the members of the public or private enterprises - local or foreign.

This form of organisation has been defined vide Section 617 of the Indian Companies Act as follows -

"Government Company means any Company in which not less than 51% of the paid up Share Capital is held by the Central Government or by any State Government or Governments or partly by Central Government and partly by one or more of the State Governments and includes a Company which is a Subsidiary of a Government Company as thus defined".

This form of organisation of Public Enterprise has most of the characteristics of Private Limited Company, the Government being the major shareholder. It is a body corporate registered under the Companies Act, managed by its Board of Directors comprising of a majority Director nominated by the Government. Unlike Statutory Corporations, it is created by an executive decision of the Government without any specific approval of the Parliament. It is generally exempted from the Personnel Budget, Accounting and Audit laws applicable to Government Departments. It has financial and
Administrative autonomy and flexibility in decision-making.

Though the Government Company is formed and registered under the Companies Act 1956, the Central Government has been empowered by the Act to direct through notification in the Official Gazette that any of the provisions of the Companies Act as may be specified therein shall not apply to any Government Company or shall apply with certain exceptions, modifications and adaptations.

A Government Company may either be a Public Company or a Private Company. But in India, most of the Government Companies are Private Limited Companies, and their entire share capital is held by the Central Government or the State Governments. Though many Enterprises have been termed as Corporations, many of them are actually Government Companies registered under the Companies Act 1956. This form also does not describe a legal or organisational pattern but only an economic concept. It includes various forms of Joint Enterprises shared between the State and Private Enterprises. The latter may be national or foreign. They may represent the shares of individual firms participating in the Venture or the subscriptions of members of the Public at large. A Subsidiary of a Government Company is also a Government Company, at least for the purpose of Audit by the Controller and Auditor General under Section 619 B of the Companies Act, 1956, amended 1974.

Evaluation - In India, a few Enterprises which were organised as Public Corporations, were later converted into Government Companies, when this form was introduced. It soon found favour because of the flexibility that it provides for subsequent
reorganisation. However, there is no well-set principles in
determining the form of organisation of Public Enterprises. There
are examples of incorporating one unit as Public Corporation and
the other as Government Company in the same line of business. For
example, the Life Insurance Corporation of India (LICI) is set up
as a Public Corporation but the General Insurance Corporation
of India (GICI) is managed as a Government Company. Both these
forms have much in common. In the words of A.H. Hansen, 'My own
view is that the State Company and the Public Corporation really
do not differ very much from each other except, of course, in the
legal status. In matters of operation, there seems to be very
little difference. The Company is entirely under State control in
so far as the State is its sole shareholders. Further, it is
usually subject not only to Company law but, through Articles Of
Association or Terms Of Agreement, to special forms of
governmental supervision which are not really very much different
from those which are embodied in the legislative Instruments which
create Public Corporations'.

OTHER FORMS OF ORGANISATIONS:

A) Control Boards - This type of Organisation has been specially
developed for the River Valley Projects. These Boards are set up
in association with the Central and the State Government
concerned. With the exception of the Damodar Valley Corporation
which is a Statutory Corporation, the Tungabhandra Project which
is an autonomous Board set up by the order of the President and
the Bhakra Management Board, constituted under the Punjab

1. Hansen, A.H., Managerial Problems In Public Enterprises,
Asia Publishing House, New Delhi, 1962, p.24
Reorganisation Act, all other river valley projects are generally managed by Control Boards. The Board is an overall incharge of project including its technical and financial matters. The Board, however, is not a Statutory Body but is created by executive authority. The functioning of the Board is not much effective when more than one State is associated with the development of the Project. Initially, these Control Boards were set up under the River Boards Act of 1956 to bring about the development of inter-state river valleys and for the settlement of disputes that may arise on the distribution of water between the States.

B) Public Trusts - Unlike Control Boards which are set up to manage the affairs of River Valley Projects, Public Trusts are generally set up for the management of Ports. These Trusts are charged with the responsibility of executing projects and matters relating and incidental thereto.

C) Community Boards - Such Bodies like the Tea Board, Coffee Board and the Tobacco Board are Statutory Bodies and are non-profit making Public Enterprises. They have been assigned only developmental roles in the area assigned to them. They are autonomous bodies established under Special Acts of Parliament.

D) Semi-Autonomous Enterprises - These Enterprises function under a Ministry of the Government of India and also as an autonomous body under some Special Act of Parliament. The Railway Board and the Posts & Telegraphs Board in India fall in this category. The senior most member of the Board works as a Chairman of the Board and the ex-officio Principal Secretary to the Government. All other members are ex-officio Secretaries to the Government in the
concerned Ministry. All the members are responsible to the Chairman who in turn reports to the Minister.

E) **Holding Companies** - A **Holding Company** is a Company that acquires the controlling interest of other Companies by virtue of its holding of more than 50% of their share capital which enables it to exercise control over the management of those other Companies, known as **Subsidiary Companies**. A **Holding Company** is basically a Company that owns controlling interest of the common stock of other Corporations. The **Indian Companies Act** defines the **Holding Company** in much wider sense. Section 4 of the **Companies Act** states 'a **Holding Company** is a Company a) that controls the composition of its Board Of Directors, b) exercises or controls more than half of the voting power (including equal voting rights to holders of Preference Shares issued before 1st April 1956) or holds more than half in nominal value of the equity share capital of the other Company'. This other Company may be the **Subsidiary Company**.

**Organisational Structure & Design of Public Enterprises in the Textile Sector** :

The choice of a suitable form of Organisation is an important problem in the management of an Organisation. The form of Organisation determines the extent of ownership and responsibility to the management. Once a particular form of Organisation structure is chosen, it then becomes very difficult to change it. This organisational form later also influences the further plans and programmes of the organisation. Hence, the decision about the choice of a form of organisation should be a well thought-out one.
Otherwise, it may pose a number of difficulties in the future functioning of the Organisation. However, no single form of Organisation Structure exists which is suitable for all types of businesses. In certain areas like Insurance and Banking, there may not be a choice, but in an area like Textiles, a choice exists. The need and requirements of the business activity greatly influence the choice of a form of organisational structure. Factors like Capital needs, the liability of the Investors, the nature of business, the size of the unit, Government Regulations, etc. all influence the choice of a suitable form of Organisation Structure.

To fulfill the objectives of this Study, it was sought to study and analyse the Organisational Structures of the Enterprises in the Textile Sector, under the Government of Assam. These Enterprises have been incorporated as under—

1. Assam Spun Silk Mills Ltd. as a Government Company under the Administrative Department of Industries;
2. Assam Co-Operative Spinning Mills Ltd. as a Co-Operative Society under the Department of Co-Operation;
3. Swahid Kusal Konwar Samabay Sutakol Ltd. also as a Co-Operative Society under the Administrative Department of Co-Operation;
4. Assam State Textile Corporation Ltd as a Government Company under the Industries Department;
5. Assam Polyester Co-Operative Society Ltd (APOL) as a Co-Operative Society under the Department of Co-Operation;
6. Assam Polytex Ltd. as a Government Company under the Industries Department;
7. Assam Syntex Ltd as a Government Company under the Administrative Department of Industries.
Both Assam Polytex Ltd and Assam Syntex Ltd are subsidiary Government Companies. While Assam Polytex Ltd is promoted by Assam Spun Silk Mills Ltd of Jagiroad, Assam Syntex Ltd is promoted by Assam Industries Development Corporation (AIDC).

The above data shows that all the seven Public Enterprises of Assam in the Textile Sector can be divided into two categories on the basis of their Organisation Structure -

1. Co-Operative Societies - 3 Enterprises
2. Government Companies - 4 Enterprises

Here it must be emphasised that though the Enterprises under the Co-Operative Sector were established due to the enthusiasm of individual co-operators, those have turned out to be co-operatives only in name. The role of individual co-operators in equity participation, has hardly become noticeable. Management of these Enterprises has also been taken over by the Government under the provisions of the Co-Operative Act. This strange situation existing in Assam reflects the absence of a genuine and successful co-operative movement of Assam. This is why these Societies are treated as State Level Public Enterprises (SLPEs) in Assam, while this may not be the case in States where a vigorous co-operative movement exists.

Co-Operative Societies - The Co-Operative form of organisation is a democratic set up run by its members for serving the interests of those forming the Society. The co-operative movement has been necessary primarily to protect the interests of the weaker sections of the Society. The primary objective of this movement is

to protect economically the weaker sections of the Society. It is basically self-help through mutual help. The philosophy behind the Co-Operative movement is 'All for each and each for all'. Initially, the Co-operative movement was started to safeguard the consumers from the exploitation of Capitalism. In the Indian context, the Co-Operatives stand for Joint Enterprise of those who are not financially strong to stand on their own legs and therefore, they come together, not with a view to earn profits for themselves, but to overcome disability arising out of the want of adequate financial resources. The Indian Co-Operative Societies Act, 1912, defines Co-Operatives in Section 4 as "Society which has its objectives the promotion of economic interests of its members in accordance with the Co-Operative principle".

After Independence from British rule, the Indian Government adopted Socialist pattern of Economic Development whereby national resources were to be utilised for helping each and every individual. Meanwhile the Planning Process was devised for a systematic and balanced development of the economy. In these Five-Year Plans, Co-Operatives was given an important place. The Planning Commission in its Report in Chapter III observed - "As an instrument of Democratic Planning, combining initiative, mutual benefit and social purpose, co-operation must be an essential feature on the programme for the implementation of the Five-Year Plans adopted to change the economy of the country from individualistic to co-operative basis, it should be judged, among other things, by the extent to which it is implemented through Co-Operative Societies". Co-Operation was conceived as an indispensable instrument for the implementation of the Five Year
Plana. The First Five Year Plan emphasised the overall reorganisation of agriculture production. The farming sector was to be financially helped through Co-Operative credit and other services societies. A sum of Rs 8 crores was earmarked for the development of Co-Operatives in the First Five-Year Plan. The emphasis was shifted to processing, marketing and other service Societies in the Second Five-Year Plan. An amount of Rs 47 crores was kept for the Co-Operative Movement in the Second Plan. The Third Five Year Plan envisaged a target of 2.3 lakh Village Societies. During this Plan, Pilot Projects were planned to help the Agriculture Sector. In the Fourth Five-Year Plan, a sum of Rs 200 crores was earmarked for Co-Operatives and this amount was raised to Rs 684 crores in the Fifth Five-Year Plan. In the Fourth and Fifth Plans, Consumer Co-Operatives were given priority so as to supply necessities to consumers through the Co-Operative Stores. Thereafter, in almost all the Five-Year Plans, the Co-Operative Sector was given its due importance. During this Plan period, an important role was envisaged for the co-operatives. The Government decided to make adequate credit available not only for Agriculture production but also for activities falling within the broader framework of rural development.

However, it has been seen that the Co-Operative movement has been successful in only a limited number of States. There is a concentration of Co-Operative Societies in only nine States. The diversification of these schemes to other States should be given priority. The share of the weaker sections is inadequate. Those sectors where the Co-Operative movement has not caught on should be given financial help on easy terms to boost up the movement.

The seven Public Enterprises of Assam in the Textile Sector, can be divided into two Organisational Structures, as already mentioned before. These two Organisational Structures are the Company Form and the Co-Operative Society Form. A comparison of these two Organisational Forms is given below:

**TABLE IV**

**Distinction Between Co-Operative Society and Companies**

<table>
<thead>
<tr>
<th>Co-Operative Society</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Membership- Can be formed with ten(10) members. No maximum limit for members.</td>
<td>Public Limited Co. can be formed with seven members. No maximum limit.</td>
</tr>
<tr>
<td>3. Objective - The primary Objective is to serve its members.</td>
<td>A company is run on commercial lines and hence its basic aim is to earn profits.</td>
</tr>
<tr>
<td>4. Transfer of Shares - Members cannot transfer shares to anybody else. Members are allowed to withdraw their shares from the Society after giving proper notice.</td>
<td>Shareholders can sell shares any time. But they cannot withdraw shares from the Company. Share money is returned only at the time of liquidation.</td>
</tr>
<tr>
<td>5. Voting rights - Policy is 'One Person-One Vote' irrespective of number of shares held.</td>
<td>'One Share - One Vote' No limit to the number of votes to be held.</td>
</tr>
<tr>
<td>6. Distribution of Surplus - Surplus distributed among members on the basis of their transactions with the Society. As per Indian Societies Act, 1/4th of the surplus is transferred to a General Reserve Fund and upto 10% of it is spend on the welfare of members.</td>
<td>Profits distributed as Dividend among Shareholders, after retaining the required Funds for the Company. Dividend is issued on the Paid-Up Capital of the Company.</td>
</tr>
</tbody>
</table>
7. Ownership - Members generally belong to a particular area. They take keen interest in the working of the Society. The Society is managed by an Executive Body elected from the members. Ownership and Control are in two different hands. Shareholders are scattered all over the Country. Management is in the hands of the Board Of Directors. The Shareholders cannot participate in the day-to-day working of the Company.


Review of the Organisational Structures and Designs of the Enterprises under study -

The Public Enterprises of Assam in the Textile Sector, which are organised either as a Co-Operative Society or as a Government Company, needs detailed scrutiny of their Organisational Structures. In order to make a detailed review of these two Organisational Forms, the two largest Enterprises (in terms of their Authorised as well as their Paid-Up Capital) are choosen for study. Moreover, there are two Subsidiary Companies in the Textile Sector under the Government Of Assam, which are also incorporated as Government Companies. A study of the Organisational Structure of one of these Subsidiary Companies is also undertaken.

Assam State Textile Corporation Ltd (ASTCL), which is obviously the largest Enterprise with the Company form of Organisational Structure is choosen for a study of the Company Form of Organisation. For the study of the Co-Operative Society Form, Assam Polyester Co-Operative Society (APOL) is choosen, which is the largest Enterprise in terms of Authorised and Paid-Up Share
Capital, as well as Employment. There are two other Enterprises as well, with the same Authorised Capital of Rs 1500 lakhs, however, they are on trial run only. For a study of the Subsidiary Companies, Assam Syntex Ltd. is chosen.

From a comparison of the Organisational Charts of both Assam State Textile Corporation and Assam Polyester Co-Operative Society, it is seen that the Organisational Structure of ASTCL is more simple and reflects somewhat that of private manufacturing companies.

In this Structure, the top management follows the prescribed hierarchical structure of the Chairman, followed by the Board of Directors and the Managing Director (MD). All the four functional areas of management, of Finance, Personnel, Production and Marketing are represented in the Organisational Chart clearly. Moreover, the Heads of these four functional Departments of Finance, Personnel, Materials (Production) and Marketing are at the same hierarchical level, indicating that equal importance is given to all these four functional areas. Moreover, the Mill Manager also has the same rank as the Managers of Finance, Personnel, Materials and Marketing, his position basically reflecting that of Manager - Production, but his position is termed as Mill Manager, rather than Manager Production, because this Mill is a composite one, having Processing, Weaving and Spinning Units.

ASSAM STATE TEXTILE CORPORATION LIMITED

The Organisational hierarchy of ASTCL can be summerised as below -
1. Chairman
2. Board Of Directors
3. Managing Director
4. Managers (Marketing/Personnel/Materials/Finance); Mill Manager
5. Deputy Managers (Marketing/Personnel/Materials/Finance)
6. Assistant Manager (Marketing/Personnel/Materials/Finance)
7. Assistant Officers (Marketing/Personnel/Administrative/Materials/Accounts)
8. Process Superintendent
9. Spinning Master / Processing Master / Dyeing Master / Finishing Master / Weaving Master
12. Senior Technical Supervisors
13. Supervisors
14. Assistant
15. Other Personnel (Workers)

The Educational Qualifications of these designations are as below

1. Managers - Degree in any discipline with Diploma or Degrees in Management (Personnel/Finance/Marketing/Production)
2. Technical Superintendent - Diploma in Engineering / Diploma in ITI or similar qualification.
3. Supervisors - Degree or Diploma in Textile Technology.
4. Masters - Degree in Textile & experience of minimum 10 years.
5. Assistants - Degree in Arts/Science/Commerce.
7. Workers - Below class ten.
Kinds of Service Personnel:
Technical Specialised in Textile / Petrochemicals / Personnel / Finance / Marketing
- Top Management / Middle Management / Junior Management
Skilled - Executives / Clerical / Others
Unskilled - Workers

TABLE V

Workers Strength as on 9.11.92 in ASTCL

<table>
<thead>
<tr>
<th>Department</th>
<th>Present Strength</th>
<th>Required Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Blow Room</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>2. Carding</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>3. Drawing</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>4. Simplex</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>5. Ring Frame</td>
<td>102</td>
<td>105</td>
</tr>
<tr>
<td>6. Cone Winding</td>
<td>144</td>
<td>111</td>
</tr>
<tr>
<td>7. Doubling</td>
<td>59</td>
<td>51</td>
</tr>
<tr>
<td>8. D/Doubling</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>9. T.F.O.</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>383</td>
<td>357</td>
</tr>
</tbody>
</table>

An analysis of the Organisation Chart of ASTCL as also the Interview with the various Personnel of ASTCL together with the NITRA (Northern India Textile Research Association) Report on ASTCL reveals the following drawbacks of the Organisational Design and Process -

1. The definite roles of the personnel of the Company and their responsibilities are not clearly defined;
2. The Objectives of each personnel and the targets they have to achieve is not specified clearly;

3. Authorities of many Personnel of the Company are not laid down:

   All the above lead to confusion and overlapping of roles creating demotivation and dissatisfaction among the employees and malfunctioning of the Company.

4. The functioning of the Organisation is very centralised. The MD is the sole decision-making authority, leaving the other personnel of the Company with very little or no power at all to take decisions independently. In such a situation, all other personnel have to play the role of recommending authority only:

5. The Channel of Decision-Making or the Decision-Making Process in the Organisation is very long. It is time consuming and thus decision-making is always delayed. Hence, the Organisation Structure does not help in decision making fast:

6. In formulating the Organisational Structure, effective Job Evaluation and Analysis had not been carried out. Except for the Shop Floor Level workers, no Job Description exists for other personnel of the Organisation:

7. The Organisation Structure does not help in effective communication within the Company. Communication gap exists between the Management and the Floor Level workers. No special efforts are made to increase effective upward communication:

8. Due to the Organisational Structure, Information Gap exists between the Head Office and the Factory Site. Head Office is not always in a position to provide information related to the Mill:

9. Lastly, competent Standards or Techniques for selection of personnel for manning the Organisation Chart have not been developed. Selection procedures are not evaluated.
ASSAM STATE TEXTILE CORPORATION LIMITED

CHAIRMAN

BOARD OF DIRECTORS

MANAGING DIRECTOR

<table>
<thead>
<tr>
<th>Head Office Level</th>
<th>Mill Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager (Finance)</td>
<td>Manager (Materials) (Marketing)</td>
</tr>
<tr>
<td>Dy. Manager</td>
<td>Dy. Manager</td>
</tr>
<tr>
<td>Dy. Manager (Personnel)</td>
<td></td>
</tr>
<tr>
<td>Asstt. Manager Administrative</td>
<td>Asstt. Marketing</td>
</tr>
<tr>
<td>Asstt. Manager (Materials) Officer</td>
<td></td>
</tr>
<tr>
<td>Asstt. Project Senior</td>
<td></td>
</tr>
<tr>
<td>Accounts Officer</td>
<td>Superinten- dent Officer</td>
</tr>
<tr>
<td>Accounts Assistant Administrative Assistants</td>
<td></td>
</tr>
<tr>
<td>STAFF</td>
<td></td>
</tr>
<tr>
<td>Processing Master</td>
<td>Dyeing Master</td>
</tr>
<tr>
<td>Dy. Processing Master</td>
<td>Dy. Dyeing Master</td>
</tr>
<tr>
<td>Asstt. Processing Master</td>
<td>Asstt. Dyeing Master</td>
</tr>
<tr>
<td>Senior Technical Supervisor</td>
<td></td>
</tr>
</tbody>
</table>

Note: SM - Spinning Master; WM - Weaving Master.
When the State is the sole shareholder, there is not much difference in the working of Public Corporations and Government Companies, except, in the legal sense. The same is the case with Assam State Textile Corporation Ltd., where the state being the sole shareholder, and inspite of having a relatively simple Organisational Structure, this Organisational Form does not help much in the efficient management of its day to day activities.

It has been stated before that the Public Company is suitable only in the following cases -

1. Where in an emergency arising out of financial or employment crises, the Government wants to acquire the shares of the existing enterprise;

   - In case of ASTCL, this was not the case as it was a newly established Company and not one already in existence for the Government to take over.

2. Where the Government wants to take over a nationally important industry which has become unprofitable under private ownership;

   - In the case of Assam, during the 1980's, when the ASTCL was established, there was not many local private companies in the textile sector. All private textile companies in the State were of National level. However, the ASTCL was set up as it was felt that there was a bright prospect for textile industry in Assam, due to the newly established BRPL, which would make available Polyester Staple Fibre for use locally.

3. Where the Government wishes to launch an Enterprise in collaboration with national or foreign skill;

   - Apart from being a down-stream project of the BRPL, ASTCL has
not been established with any other collaboration.

4. Where the Government wishes to collaborate with the private enterprises in the initial phase only - its intention being to dispose of its shareholdings to the public as soon as the enterprise comes to stand on its own feet:
   - In the case of the ASTCL, this was not possible as the enterprise started making losses throughout the years which has resulted in a huge accumulated loss of Rs 739 lakhs as on 1991-92.

Assam State Textile Corporation Ltd has primarily a functional based Organisational Structure. This is more evident from the fact that this Composite Textile Mill is being run under the direct supervision and control of the Mill Manager, which suggests a technology based structure, which again is a feature of a Functional Organisational Structure.

Any functional Organisational Structure, as far as Staff Departments are concerned, should adopt the Matrix Organisational Structure. In this way, the staff employees, in the Production Unit, can work under the control of the Production Head and may receive broad guidelines from their parent functional Departmental Heads. But, the Organisational Structure of ASTCL indicates that no such working relationships exists. Hence, it is always likely to create problems due to the communication gap between different Departments.

The above discussion proves the Hypothesis that the Organisational Structure of ASTCL (Company Form) has serious limitations.
## Assam Polyester Co-Operative Society Ltd (APOL)

The Organisational hierarchy of Assam Polyester Co-Operative Society Ltd (APOL) can be stated as below –

### Management

1. Board Of Directors
2. Chairman cum Managing Director
3. Director (Production / Administration)

### Executives

<table>
<thead>
<tr>
<th>Pay Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>4. Managers (Project/Production/Marketing)</td>
</tr>
<tr>
<td>5. Deputy Managers</td>
</tr>
<tr>
<td>6. Asstt. Managers</td>
</tr>
<tr>
<td>7. Senior Officers/Asstt. Officers (Personnel/Accounts/Marketing)</td>
</tr>
<tr>
<td>8. Security Officers</td>
</tr>
<tr>
<td>9. Technical Officers</td>
</tr>
</tbody>
</table>

### Workmen/Employees

<table>
<thead>
<tr>
<th>Pay Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>10. Clerical</td>
</tr>
<tr>
<td>11. Technical</td>
</tr>
<tr>
<td>12. Clerical</td>
</tr>
<tr>
<td>13. Fitters/Electricians</td>
</tr>
<tr>
<td>14. Workmen</td>
</tr>
<tr>
<td>15. Workmen</td>
</tr>
</tbody>
</table>
THE BOARD OF DIRECTORS OF APOL

1. Col U.N. Sarma, CMD of APOL, IAS (Retd.)
2. Registrar of Co-Operative Societies, Assam, Lakhtokia Road, IAS
3. Director, Handloom & Textiles, Assam, Ganeshguri, ACS
4. Addl. Director, Directorate of Industries, Bamunimaidan, ACS
5. Deputy Registrar of Co-Operative Societies, Kamrup
6. Managing Director, Assam Co-Operative Apex Bank Ltd, Panbazar
7. Manager, IDBI, G.S. Road, Member for Term Loan Agency
8. Mr. Kalyan Bhagawati, Director (Administration), APOL
9. Commissioner & Secretary, Co-Operative Department, Dispur, IAS
10. Mr. Utpal Kumar Das, Promoter, Rehabari
11. Mr. Jagannath Sarma, Goreswar Bazar Road, Goreswar (Joint Registrar of Co-Operative Societies - H.O.), Observer
12. Mr. Raju Nimodia, Bokaghat, Golaghat
13. Mr. S. Sobhapondit, Director, APOL.

These thirteen members form the Board Of Directors of APOL.

The increase in the number of Personnel manning the Organisational Chart of APOL are also as follows –

### In 1989-90

**At Tulsibari (Mill)** -

<table>
<thead>
<tr>
<th></th>
<th>Spinning</th>
<th>Weaving</th>
<th>Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officer</td>
<td>25</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Other Staff</td>
<td>73</td>
<td>26</td>
<td>13</td>
</tr>
<tr>
<td>Workmen</td>
<td>439</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>537</td>
<td>35</td>
<td>21</td>
</tr>
</tbody>
</table>

**At Head Office** - 33

**Total** - 626

**Source** – Chairman’s Speech, 4th Annual General Meeting of APOL, dt. 24.9.90

In 1990-91 – In this year, in the Spinning Mill at Tulsibari, the
number of personnel had increased to 620. Other personnel in the various sections of the Organisation had remained the same.

Source: Chairman's Speech, 5th Annual General Meeting of APOL, dt. 28.9.91

In 1991-92 - During this year, the number of personnel in the Weaving & Processing Units had increased substantially and the total number of personnel in these two units were 475.

Source: Chairman's Speech, 6th Annual General Meeting of APOL, dt. 31.7.92

APOL is a Composite Textile Mill. The Organisational Structure reveals that there exists a high co-operative hierarchical relationship in the Organisational Chart. The working relationship seems to be such that it might create resistance, rift and interpersonal relations problems; affecting organisational working. For example under the Project Manager in the Civil Engineering Department, Junior Engineer, Site Assistant and Field Assistant are shown at the same hierarchy. This may adversely affect the Department's working for the reason that Site Assistant and Field Assistant normally have to work under the Supervision and guidance of the Junior Engineer. In this case, when all these positions are at the same level, the Junior Engineer may not have effective supervision and control over the Assistant.

Secondly, the Assistant Manager (Manager) has below him a Marketing Officer and below him, in the third hierarchy are placed the Accounts Assistants (Marketing) and Accounts Officer (Exhibition). It is seen that there is a separate Accounts Officer for the organisation having an Assistant Accounts Officer and an Assistant Finance Officer. Moreover the positions of Accounts
Assistant (Marketing) and Accounts Officer (Exhibition) have again been put at the same level, though hierarchically the Accounts Officer (Exhibition) should get a higher level than the Accounts Assistant (Marketing). These positions should be under the Accounts Officer rather than the Marketing Officer, because in a Composite Mill, it is better to have a centralised Accounts Officer and not Departmental Accounts Officers.

From an analysis of the Organisational Chart of APOL, it is seen that the least emphasis appears to be given on Personnel Management where a Deputy Personnel Manager is posted below the Director (Administration). Moreover, another factor worth mentioning is that below the Deputy Personnel Manager, there are two posts; however, one is designated as Assistant Personnel Officer, and the other is designated as Assistant Manager. The Assistant Personnel Officer looks after the Weaving Section, while the Assistant Manager is in charge of the Processing Division.

Another feature revealed by the Organisational Structure is that the two Marketing Officers are placed under the Assistant Manager (Materials) and one under the Deputy Spinning Manager (Marketing) and another under the Assistant Manager (Marketing). The Assistant Manager (Marketing) and Assistant Manager (Materials) have duality of command, i.e., they receive instructions from the Project Manager as well as Director (Production); whereas the Deputy Spinning Manager (Marketing) reports only to Director (Production). This Corporate idea of having a number of positions for the same job to be done is likely to give rise to numerous problems and will dilute the accountability and responsibility of all these executives bringing down the performance of the
An interesting feature in the Organisational Structure is that the Junior Engineer (Mechanical) has been placed under the Deputy Spinning Manager (Marketing). The Organisation has Civil Engineering and Electrical Engineering Departments with independent Heads, whereas there is no Mechanical Engineering Department and the Junior Engineer (Mechanical) work on the instructions of the Deputy Spinning Manager (Marketing) and not the Deputy Spinning Manager (Production). To avoid the delay in communication and execution of tasks and to make the Junior Engineer (Mechanical) effective, the Mill should either have an independent Department of Mechanical Engineering or else the Junior Engineer (Mechanical) should be brought under the Deputy Spinning Manager (Production).

Moreover, the Production Manager (Weaving) and the Production Manager (Processing) are under the Project Manager, whereas the Deputy Spinning Manager (Production) is under the Director (Production). To make the organisation effective, all these three Departments - Spinning, Weaving and Processing, with the same hierarchical relation should be under the Director (Production) and the Civil, Mechanical and Electrical Engineering should be under the Project Manager or as a separate Composite Engineering Department. Lower level Electrical and Mechanical Engineering personnel could be attached under the Spinning, Weaving and Processing Managers to speed up the routine defaults and breakdowns in the respective Departments.

The above discussion again proves the Hypothesis that the Organisation Structure of APOL also (Co-Operative Form) has serious limitations also.
Organisational Structure of a Subsidiary Company

ASSAM SYNTEX LIMITED

Assam Syntex Ltd. is a Subsidiary Company of ASTCL. Though a Subsidiary Company, it has its own Management. The Company policies are framed by the Board Of Directors and one of the Directors act as the Chairman cum Managing Director (CMD). The CMD besides being part of the Company's decision-making also looks after the routine day-to-day activities.

The Organisational Chart of Assam Syntex Limited is very similar to that of Assam State Textile Corporation Ltd., having a relatively simple structure. The Organisation is headed by the Board of Directors, followed by the Chairman cum Managing Director. However, under the Managing Director, instead of the General Manager, which is usually seen in the case of manufacturing Companies, Assam Syntex Limited has a Mill Manager, it being a Composite Textile Mill. The CMD is supported by a Mill Manager to implement the decisions of the Board Of Directors as well as that of CMD. This Mill Manager is followed by all other Managers in different functional areas like Accounts, Marketing and Materials. The Departmentation of the Organisation is also simple. The Organisation is divided into five main Departments. They are Accounts, Marketing, Materials, Personnel and Administration and Spinning. The Staff Personnel of the Organisation are the Electrical Engineers and Civil Engineers.
ORGANISATIONAL CHART OF ASSAM SYNTEX LIMITED

BOARD OF DIRECTORS

CHAIRMAN CUM MANAGING DIRECTOR

MILL MANAGER

MANAGER MARKETING ACCOUNTS MANAGER
ACCOUNTS OFFICER

MARKETING MANAGER
MARKETING OFFICER

MATERIALS MANAGER
MATERIALS OFFICER

PERSONNEL & ADMN. OFFICER
PERSONNEL ADMIN.

ASSTT. ELECTRICAL ENG. MASTER
ASSTT. SPINNING ENG. MAST.

SENIOR TECHNICAL SUPERVISOR
SENIOR TECHNICAL SUPERVISOR

JUNIOR TECHNICAL SUPERVISOR
JOINTER

JUNIOR ASSTT.
JUNIOR ASSTT.
JUNIOR ASSTT.

ELECTRICIAN
DC OPERATOR

DOFFER WORKER
TENTER/STORER

NOTE: Asstt. = Assistant
Engg. = Engineer
Admn. = Administrative
Decisions are taken in the presence of the Chairman Cum Managing Director. These decisions taken at the Board Meetings are made into plans. The contents of the Plan is conveyed through the CMD to the Mill Manager for their execution and implementation. Similarly, office Circular copies are circulated to all other Departmental Heads for following up the execution of the Plans, upto the lowest level. The CMD is helped in his day-to-day activities and appointments by the appraisals from the Personal Assistant to the CMD.

The Mill Manager works at the discretion of the orders passed by the CMD (duely approved by the Board Of Directors). The Mill Manager has the power to suggest his views regarding functioning of the Company to the Board Of Directors. The Mill Manager is basically the link between the Board Of Directors and the CMD, on one hand, and the various Departments under him, on the other. He directly controls and supervises all the Line and Staff Departments of the Mill, making seven Senior Executives of the Company reporting to him.

The Accounts Department is headed by the Accounts Manager and is assisted by the Accounts Officer, Senior and Junior Assistants. This Department has the responsibility of the overall Accounts of the Mill and also the Mill's expenditures. It has to display the day to day budgetary position of the Mill. However, according to sources at the Mill, a consulting Company Secretary should play a key role in the functioning of the Mill.

The Marketing of products of the Company is handled by the Marketing Department, which has its outside Office at Bombay under
the Dealership of Excel-Deals (Bombay). The Marketing Department is headed by the Marketing Manager. However, it is unfortunate that this post is lying vacant for a number of years. The core of the marketing activities is inspected by a Senior Textile Engineer (in the rank of Assistant Spinning Master). The Marketing Section has to maintain a direct touch with the Materials Manager.

The Materials Department is a very crucial Department in the Mill. The Materials Manager has to maintain a direct relation with the Marketing Manager (in this case as the post of the Marketing Manager is lying vacant, he has to assume direct responsibility of marketing also), and also at the Shop Floor Level for taking necessary orders related to machines spares and various other spares and stores items necessary in the factory. He is the sole authority and has to assume sole responsibility for procurement of different materials needed in the Mill and to act as a catylist.

The Mill Manager directs production at the Shop Floor Level, and for production of those products which are most profitable and meeting of those orders which are of maximum demand. The team of Technicians, Textile, Mechanical, Electrical and Civil Engineers work at the instructions of the Mill Manger. Each of these individual sections make a review of the workings of their departments and expresses the shortcomings and their solutions to the Mill Manager.

The Personnel Department is conspicuous by the absence of the post of a Personnel Manager. It is currently headed by the Personnel & Administrative Officer. However, this post is also lying vacant for a number of years now. This reflects the importance placed on
the Personnel function by the Company. In the absence of the Personnel & Administration Officer, the entire Personnel cum Administration Department is managed by the Mill Manager, in addition to his normal duties. Thus, the Mill Manager happens to be overburdened with the responsibilities of the administration work of the Mill, in addition to his other responsibilities. Thus, he is further required to have an updated knowledge of all the activities and proceedings of the factory. The Mill Manager is assisted by the Assistant Administrative Officer of the Personnel Department in matters connected to the relevant information in the interest of the Factory. In the absence of the Mill Manager, his responsibilities are shared by the Assistant Spinning Master.

There is also a Security Incharge who directly report to the Mill Manager daily in connection with the execution of Industrial security and the security of the personnel of the Mill.

The Company has a Works Committee with 15 members, who sit every fortnight to discuss the progress of the activities related to the factory in various disciplines and also to handle complex matters of interest for their solutions. This Works Committee is thus responsible for maintaining a link with the CMD and the Head Office for overcoming crisis of the Mill like shortage of funds, etc.

From the analysis of the Organisational Structure of Assam Syntex Ltd, it becomes evident that the activities and responsibilities of the various positions of the Company is not uniform nor well-planned. The Mill Manager appears to be the real power centre with all the activities planned under him. His responsibilities appear
to be even more than the CMD, who appears to be only a link between the Board of Directors and the Mill Manager. This link is also weak, since the Mill Manager is authorised to approach the Board of Directors directly. On visiting the Mill site, it was also learnt that the Mill Manager encourages informal communication from all his workers and the door of the Mill Manager is open even to the lowest level of workmen. Though this is good in principle, in reality, this, however, increases the burden on the Mill Manager. When the Mill Manager was approached with this question, the reply was that since the Mill is a Production Centre, so in most cases formal communication takes a lot of time and ultimately hampers production. That is the reason, according to the Mill Manager, why he encourages even the lowest worker to come directly to him. According to him, this improves Industrial Relations and productivity of the workers. This, however, it is felt, only makes the power of the Mill Manager more centralised. Though the workers are satisfied, the other Managers and other Section Heads are not very happy with the situation, as it reduces their power over the subordinates. Also, since seven Senior Executives of the Company reports to the Mill Manager, this increases his Span of Management and Span of Control, which may dilute the effectiveness and his managerial style is likely to be unproductive. This is thus reflected in the performance of the Company, which like its parent company, is also making losses.

Moreover, the Personnel Function is badly neglected in the Company. It is a well known fact that the Personnel Management Function is one of the most crucial areas in a labour-intensive industry like Textiles. However, why there exists no post of a
Personnel Manager in the Organisation is very surprising. Moreover, why the post of the Personnel & Administrative Officer is left vacant and the Personnel & Administrative Department is allowed to continue without a Head is also a mystery. The result of this situation is that the Mill Manager has assumed control of the functioning of this Department, which only goes to make him more powerful. However, how much time and effort he is able to devote to this administrative function is again a matter of debate. Because of this situation, the only Trade Union of the Company named 'Assam Syntex Ltd Employees Association', which should submit their demand and grievances to the Personnel & Administrative Officer, is now directly approaching the Mill Manager. Another drawback of the Organisation is the vacant post of the Marketing Manager. Why there has been no attempt to fill up this vacancy is another matter for investigation.

This, thus, completely proves the Hypothesis that the Organisational Structures of the Enterprises in the Textile Sector have serious limitations.
2.3 - Pattern of Management and Control of the Major Public Enterprises in the Textile Sector

The Board of Directors of a Public Enterprise is the management organ responsible for implementing the objectives of the Public Enterprise. However, a Public Enterprise Board is nominated by the shareholders, as in the case of Private Enterprises, but by the State which seeks to achieve certain declared Socio-Economic goals. The Government Companies and Public Corporations are governed by the Boards of Directors. A Public Enterprise is an economic entity which is under the charge of its Board owing allegiance to a political entity to whom it looks for survival and continuance. It is because of this mix-up of economic and non-economic factors that the constitution, autonomy and functioning of Public Enterprise Boards have received due attention.

'A Public Enterprise Board is a Statutory Organisation responsible for the efficient and successful operation of an enterprise, which is supposed to have sufficient power to discharge its functions.

The persons appointed to manage the Company affairs are individually called Directors and collectively the Board of Directors. The Companies Act, 1956, defines the Board of Directors as 'the Directors of a Company collectively are referred to in this Act as the Board of Directors or Board'.

Similarly, the Governing or Management Boards of other Enterprises may be referred to as the 'Board Of Directors' that is...

2. Section 252 (3), The Companies Act, 1956
entrusted to manage the affairs of the Public Enterprise. In
theory, a Public Sector Board has sufficient power. But in practice its power gets diluted because of Government interference. The Government keeps a close watch on the way the Board functions and exercises its powers and often interferes with the policy formulation process'. Critics often argue that the Board is not entrusted with the full responsibility of managing a Public Enterprise. Since the Board has to operate within the boundaries rigidly set by the Government, the former hardly enjoys any power to shape the Enterprise. The Board has to manage the Enterprise only as directed by the Government.

The functions of the Board are quite akin to the Government's function of legislation and policy making as opposed to execution of policies. The Board's functions, to quote Prof. Laxmi Narain, are 'essentially similar to those of the legislative wing of the Government in as much as it breaks new grounds, establishes the basic policies, lays down general principles for the conduct of business and watches and regulates the outcome of its policies.' The Board does not perform any 'executive' function and its major functioning is 'trusteeship'. It also has to perform certain entrepreneurial functions. The Board acts as a trustee for efficient operation of the enterprise and in a Public Enterprise this trust is not for just a group of people - the shareholders, but the Nation as a whole, including particularly the customers and labour employed in the enterprise'. However, this is only one of the functions of the Board, that is, the efficient and economical management of a Public Enterprise so as to subserve the

best interests of the Nation. The entrepreneurial role of the Board is that it takes an active part in the decision-making process of an Enterprise.

There is no clear policy as to the composition of the Board of Public Enterprises in India. The Krishna Menon Committee has suggested 5 to 9 Directors on the Board depending upon the Nature and Form of the Public Enterprise. Statutory Corporations in India have a wide variation as regards the size of the Board. For Government Companies, the minimum number of Directors is 2 as prescribed by the Companies Act and the maximum ranges between 10 and 15.

The Boards of most Indian Public Enterprises are composed of part-time Directors, with only one full time Chief Executive. In such a scheme of things, part-time Directors find it difficult to devote the necessary time and attention for the purpose, more so, because most of them are either busy private business executives, or senior Government Officials who are pre-occupied with other more important assignments and responsibilities. Moreover, Government Officials holding part-time Directorships act more as representatives of their respective Ministries than as members of a team entrusted with the management and development of an Undertakings. In most cases, the part-time Directors are neither fully aware of the problems of the Undertaking, nor in a position to make any significant contribution to the functioning and growth of the Undertakings. It appears that the Board of a Public Enterprise enjoys full authority. However, in certain sections, there is a demand that there be no diffusion of Authority as

between the Chairman and the Managing Director. If the Chairman is not the Chief Executive of the Enterprise, than he is in a position to take a more disinterested and detached view of the matters before the Board. As a result, the distinction between authority and responsibility may get blurred. So, there is a view that there should be only one captain in a ship. The Government policy for large Multi-Unit Enterprises and large trading units is to have a full-time Chairman-Cum-Managing Director, who is assisted in his day-to-day functioning, by at least two functional Directors.

'The power of appointing the Boards of Management in Statutory Corporations and Government Companies vests in the Government. This power as regards the SLPEs in the Co-Operative Sector has also been taken over by the Government. The number of members of the Board in case of each SLPE is determined as per provisions of the Articles Of Association or relevant rules of the SLPEs.

There has been no fixed tenure for the Boards. In some cases, the Boards continue for a reasonable period, but in other cases, the Boards have been reconstituted frequently.

The composition of the Boards is generally of the following pattern:

a) One representative of the Administrative Department
b) One from the Finance Department
c) A few members from other related Government Departments and Directorates
d) A few MLAs/Politicians having knowledge and interests in the fields of the concerned SLPEs
e) Some Experts in the fields of the concerned SLPEs
f) One or two representatives from concerned agencies of the Government of India
g) The Managing Director of the SLPE

Within this pattern, variations occur. For example, in some Boards, the politicians may preponderate while in others, the officials may constitute the majority. One of the members of the Board is appointed simultaneously as the Chairman by the Government. In a few cases the Ministers and Senior Government Officers of the concerned Departments are appointed as the Chairman.

In case of the Boards of the SLPEs of Assam, the Proceeding of the Conference Cum Workshop of the Chief Executive Officers at Guwahati, can be mentioned -

"The Board of most of the Public Enterprises consists of Ex-Officio members and leading politicians who are not permanent persons. The Ex-Officio member is changed when his post is reallocated or reshuffled. The political member is changed with the change of political power. Moreover, Ex-Officio members find themselves too busy in their actual vocation of posting and can spare very little energy and time to think about the Enterprises' well being. The only time that they think about the industry is during the few hours in which they are present at the Board Meetings'.


2. Conference Cum Workshop of the Chief Executive Officers of SLPEs. Organised by the Department of Public Enterprises, dt. 16th & 17th June, 1988, at the Janata Bhawan, Guwahati.
Review of the Board of Directors (BOD) of the Major Public Enterprises of Assam in the Textile Sector:

The Board of Directors is the supreme decision-making authority within an Organisation. The Board of Directors in the Public Sector Enterprises of Assam are nominated by the Government of Assam. In case of the Public Sector Enterprises of Assam in the Textile Sector, generally, two types of Boards are found, depending upon whether the Enterprise has a Company Form of Organisational Structure or a Co-Operative Society Form of Organisation Structure.

In case of Assam Polyester Co-Operative Society Ltd (APOL), (Co-Operative Society Form of Organisational Structure), the Society is managed by a Board Of Directors nominated by the State Government. The Board consists of 13 Directors, out of which 12 are State Government nominees and one is from the Industrial Development Bank of India (IDBI) - the Term Loan creditor of the Society. The Board of Directors of the Society includes Administrators of long standing, a textile technologist from Leeds University, UK, who has also prepared the Techno-Economic Feasibility Report (Project-Report) of the Society, Financial experts, who are well conversant with handling of large Projects like Bongaigoan Refinery & Petro-Chemicals Ltd (BRPL), and Structural Engineers of national repute. Usually the Board of Directors assign duties to the Managing Director. The Managing Director is also nominated by the Government. However, in Assam Polyester Co-Operative Society Ltd., the Managing Director is also acting as the Chairman Cum Managing Director. He is a retired IAS officer.
The list of Directors of APOL reveals that the Society is headed by an experienced and capable Board with many technical people as its members. Moreover the members of this Board has personal stake in the successful functioning of the Society. Hence, it can be concluded that the Board of Directors of APOL is composed of members, who are not only competent, and experienced, but are also fully involved in the day-to-day activities of the Society (as many of them are employed in APOL itself) and have full intimate knowledge about the functioning of the Society. Moreover, their personal stake in the successful functioning of the Society, make them spend a lot of time and effort for the well-being of the Society.

In case of Assam State Textile Corporation (Company Form of Organisational Structure), the Board of Directors is headed by a Chairman who is nominated by the Government of Assam and is essentially a political nominee, usually an MLA (Member of Legislative Assembly). The Board consists of eight (8) Directors, including the Managing Director. All other members of the Board are part-time Directors only. The Managing Director is generally nominated from the IAS Cadre. All the other Directors are nominated by the Government of Assam, and hence the influence of the ruling party is very much felt, specially at the time of recruitment, promotion, performance appraisal, giving of contracts/tenders, during disciplinary proceedings against erring employees and in the general day-to-day policies of the Enterprise. The main function of the Board is policy making.

From the above discussion, it appears that the Board of APOL is more functional than that of ASTCL with all its part-time
Directors, except the Managing Director, who is nominated by the Government of Assam from the IAS Cadre.

In fact a former Managing Director of Assam State Textile Corporation, on condition of anonymity stated thus - 'The difficulties faced by the top Executives of Assam State Textile Corporation have grown to such a proportion that everyone is now reluctant to accept such positions. The persons who are already in these positions therefore, are seeking ways and means to shirk off their accountability; justifying the fact that Chief Executives start correspondence and negotiations with the Government for early relief from the job from the very date of their joining. Even during the small period of his tenure, he gets most of the management decisions (even day to day matters) passed by the Board of Directors, so that accountability is passed over to the Board. The less the Chief Executive wants to be accountable, the more frequently he calls the Board and passes accountability to it'.

Since the Board of Assam State Textile Corporation Ltd consists of Ex-Officio members and leading politicians who are not permanent persons, the Ex-Officio member is changed when his post is reallocated or re-shuffled. The political member is changed with the change of political power. Moreover, Ex-Officio members find themselves too busy in their actual vocation or posting and can spare very little energy and find time to think about the Enterprise's well-being. The only time that they think about the industry is during the few hours in which they are present at the Board Meetings.

Thus, the condition becomes such that it cannot generate the
feeling of belongingness to the Enterprise from the top Executive and the Board of Directors. The responsibility to the Enterprise by both the top management and the Board of Directors are just passing phases and are very temporary. This results in an absolute absence of accountability. Public Enterprises in the Company Form of Organisational Structure thus become orphans of the State Government.

The Assam Syntex Ltd is a Subsidiary Government Company belonging to the State Textile Sector. The Board Of Directors of Assam Syntex Ltd consists of 5 to 6 members, who function as part-time Directors of the Company. Only the Chairman Cum Managing Director is the full time member of the Board. All decisions by the Board of Directors are taken in the presence of the CMD. Later the decisions taken at Board Meetings are made into plans for the Company to achieve and implement. The contents of the plans are passed by the CMD to his immediate subordinate, the Mill Manager, for their execution and implementation. Since the Board of the Company is similar to the Board of Assam State Textile Corporation, with all its part-time members, except the CMD, thus this Board also suffers from the same limitations and weaknesses as discussed in case of the Board of Assam State Textile Corporation Ltd.

From the above discussion, it can be concluded that in case of the Company Form of Organisational Structure in the Textile Enterprises, the Hypothesis that their Management Patterns have serious limitations is proved, whereas in case of the Co-Operative Form of Organisational Structure in the Textile Enterprises, this Hypothesis is rejected.
Public Enterprises in India have shown tremendous growth specially since Independence. A large amount of Public Funds is involved in them. Leaving apart a few Departmentally run Enterprises, they are given autonomy in financial and administrative matters so that they may be run on commercial principles. Thus, it becomes necessary for the Government to influence proper control over them to protect the interest of the public at large. This control is essential because the Government is accountable to the public for the performance of Public Enterprises in which they have invested huge sums of public money.

There are three main methods of Control of Public Enterprises: Parliamentary (or Legislative Assembly) Control; Audit Control; and Control through Annual Reports. These three methods are interrelated as the Audit Reports and the Annual Reports are both to be submitted to the Parliament (or Assembly). However, these two originate from a source outside Parliament (or Assembly). Apart from these three methods of Control, Public Enterprises may be subject to Ministerial Control through the Ministry concerned or through the Administrative Departments. Both for the Company Form of Enterprise and the Co-Operative Society Form of Enterprise in the Textile Sector, it is seen that the Control mechanism is similar. The main mechanism of control in both Assam State Textile Corporation and Assam Polyester Co-Operative Society is basically the State Assembly. The performance of these enterprises are during the Assembly sessions through questions, debates and other discussions. The State Assembly keeps a control over these enterprises through asking them to
submit relevant data and information to be discussed on the Floor of the Assembly. In case of both Assam State Textile Corporation and APOL, it has been found that this State Assembly control over these enterprises does not result in any real conflict between the need of the enterprise for autonomy and the need for public accountability. According to the Chairman Cum Managing Director (MD), of APOL, Col. Uma Sarma, there is no interference in the day to day running of the enterprise because of the State Assembly's control over the Enterprise.

The next important Control faced by both these Enterprises is the Audit Control. Regular Audit is conducted in both the Enterprises to keep proper control over the financial operations of the Enterprises. During the Audit of these Enterprises, an attempt is made to see whether the Budget Appropriations have been utilised according to the norms laid down in this connection. Thus, a stricter control than the State Assembly is kept upon these Enterprises to prevent any financial misuse by the individual Enterprises. According to Article 151 of the Indian Constitution, the Financial Reports of these Enterprises are laid before the State Legislature. The Annual Accounts of Assam State Textile Corporation Ltd is presented to the Legislature under the Company's Act and APOL presents its Annual Budget to the Legislature under the Co-Operative Society Registration Act. Professional Auditors are appointed to audit these Enterprises' Financial Reports. However, it has been seen, specially in the case of Assam State Textile Corporation, that the Annual Reports are not always prepared on time, which leads to a lot of information being undisclosed at the proper time.
The Departments under which Public Enterprises are administered also exercise some control over these Enterprises. Thus, the Assam State Textile Corporation finds its affairs being controlled in the name of administration by the Industries Department from which it needs to seek approval for undertaking many activities. Similarly, APOL is controlled by the Co-Operation Department in its functioning. Though this Ministerial control or Government Control is somewhat less in APOL than in Assam State Textile Corporation Ltd, it is more due to the strong stand and position of the Chairman Cum Managing Director of APOL, rather than due to its Organisational Structure. On the other hand, due to the frequent changes of the Managing Directors in ASTCL, as well as the appointment of political persons (MLAs) as the Chairman of the Corporation, Ministerial Control and Government Control in Assam State Textile Corporation Ltd. is only to be expected.

Since both ASTCL as well as APOL, as also all other Textile Units under study, are Public Enterprises, and as they all come under the direct control of the Government of Assam, the Government of Assam exercises the Entrepreneurial, Promotional, Regulatory and Planning role in these Enterprises. Since the Board of Directors, Chairmen, Managing Directors and even the Mill Managers or other Senior Executives have very little role to play as far as planning for the enterprises is concerned. The working of these Enterprises reflect the Government's policy and plans regarding Public Sector Textile Mills. Therefore the working style of the top management in these Enterprises only reflect the implementation of the Government's policies in this regard.
2.4 - Evaluation of the Objectives, Policies and Projects of the Major Enterprises in the Textile Sector.

One of the major functions of Management is that of planning. 'Planning is the selection and relating of facts and making and using of assumptions regarding the future in the visualisation and formalisation of proposed activities believed necessary to achieve desired result'.

Planning is also related to the external environment, which is forever dynamic and changing. In other words, 'Planning may be broadly defined as a concept of Executive action that embodies the skills of anticipating, influencing and controlling the nature and direction of change'.

Thus, a plan is a commitment to a particular course of action believed to be necessary to achieve specific results. From this point of view, there can be several types of plans. Planning results in several individual plans or component parts which are bound together in a consistent operation. Some of them are in the form of Standing Plans while others are Single-Use plans. For example, Objectives, Policies, Strategies, Rules, Procedures, etc. are Standing Plans because once formulated, they will be used for a long period and repeatedly. On the other hand, Budgets, Targets and Quotas are single use plans because once these are achieved, these are to be formulated again. The basic difference between Standing Plans and Single-Use Plans, thus, lies in their

use over a period of time; Standing Plans are used over a period of time and Single-Use plans are used for only specific period of time.

At the time of formulating the Objectives, Policies and Projects of the Public Enterprises in India, usually the Board of Directors should look into the Socio-Economic Missions and Objectives which were taken into consideration for setting up the Enterprise. Whereas the Top Management should be involved in deciding the long range and strategic overall objectives for the Organisation, the Middle Level Managers should develop objectives for key result areas and the Departmental Objectives. Lower Level Managers should consider developing Divisional and individual Objectives. In fact, the objective should follow a network structure in terms of the programmes they should follow.

In case of Public Sector Enterprises, either the Central Government or the State Government defines and develops the Objectives for them, depending on whether they are Central Public Enterprises or State Level Public Enterprises. In case of State Level Public Enterprises, the State Government, in the light of National Goals, set the Objectives for these Enterprises. The translation of these National Goals into Objectives for Public Enterprises can be explained as in the Table below -

\[\text{TABLE VI}\]

<table>
<thead>
<tr>
<th>National Goals</th>
<th>Public Enterprises Objectives</th>
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<tr>
<td>MINIMUM NEEDS</td>
<td>- Development of Basic Consumer Goods</td>
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<td>Development of Basic Consumer Services</td>
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<td>Development of Basic Infrastructure</td>
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EMPLOYMENT - Self-Employment
  Skilled Labour
  Unskilled Labour

SELF-RELIANCE - Development of National Resources
  Export Promotion
  Industry
  Development & Use of Domestic Technology or Reducing the import of Domestic Technology

ECONOMIC GROWTH - Development of Basic Inputs and Capital Goods
  Improvement & Increase of Productivity of Current Capital and Labour

NATIONAL PRESTIGE - Defence
  Prestige

REGIONAL DEVELOPMENT - To exploit the resources in backward areas.

Source - Department of Public Enterprises, Government of Assam

The Government of Assam keeping the above mentioned National Objectives in mind and after careful consideration has framed different Objectives to be achieved by different SLPEs in the Textile Sector. The Objectives for these Enterprises as set by the Government are as follows -

1. Assam Spun Silk Mills Ltd.

Main Objectives of the Enterprise is to manufacture and sell Spun Silk, Noil Yarn and Fabrics. Other Objectives include -

1. To help weavers of 'Eri', 'Muga' and 'Mulberry' silk yarn;
2. To help silk spinners and reelers of the State;
3. To assist the weavers with supply of pure silk and other yarns

2. Assam Co-Operative Spinning Mills Ltd.

The Mill was set up with the Objective of promoting the economic interests of its members by undertaking spinning, dyeing, sizing, weaving and manufacturing of textile materials of all kinds and supply of yarn of all types to the weavers. The Basic Objective of the Mill as laid down by it is to produce 100% cotton yarn of 10,000 kg per day in 25,000 spindles.

3. Swahid Kusal Konwar Samabai Sutakol Ltd

This Mill was also established with the same Objectives as the Assam Co-Operative Spinning Mills Ltd., i.e. to promote the economic interest of its members by undertaking spinning, dyeing, sizing, weaving and manufacturing of textile materials of all kinds and by supply of yarn to weavers. The laid down Objective is to produce 100% cotton yarn.

4. Assam State Textile Corporation Ltd.

The creation of the Corporation was mainly to accelerate / strengthen the industrial growth of the State by establishing new Projects on Textiles using Polyester Staple Fibre from BRPL. The Basic Objectives of the Corporation as laid down by it are -

1. To set up and run Textile Mills in Assam:
2. To manage any business on Textile Mills entrusted to it by the Government:
3. To acquire and/or hold shares on business in Textiles:
4. To lend money to Textile Mills or stand guarantee:
5. To act as Consultant in Textile Business:
6. To carry on business of cotton, silk, chemical yarn spinners and linen manufacturers and to spin, weave and manufacture yarn of all varieties of cloth.

7. To carry on business of dyers, printers and bleachers of all varieties of yarns, clothes and fibres.

5. Assam Polyester Co-Operative Society Limited (APOL)

APOL was established with an objective of setting up of a Polyester Spinning Mill of 19,200 spindles capacity, as a downstream project of the BRPL. The basic objective of the society is to manufacture Polyester Yarns and Polyester Blended Yarns and other Synthetic Yarn and to do business of man-made Yarns and Fabrics; to manufacture, supply, sell and deal in Textile, Spinning and weaving machinery for the economic interest of its members.

6. Assam Polytex Limited

Assam Polytex Ltd is promoted by Assam Spun Silk Mills, as its subsidiary, for setting up a Spinning Mill for the manufacture of Synthetic Blended Yarns in Nowgoan district of Assam which is a backward area and is eligible for concessional finance from Financial Institutions. The main Objectives of the Company is to manufacture Polyester Blended Yarns and other Synthetic Yarns and to do business of man-made yarns, fabrics; to manufacture, supply, sell and deal in Textile, Spinning and weaving machinery; to act as Consultant in Textile line; to carry on business of manufacturing, dyeing, printing, colouring, spinning and weaving of all fabrics of cotton, silk, artsilk, woolen, linen, hemp, jute, nayon and other yarns.
Assam Syntex Limited

Assam Syntex Ltd was established as a Subsidiary Unit of Assam Industries Development Corporation (AIDC). The main Objectives of the Company are to manufacture Polyester Yarns, Polyester Blended Yarns, and other Synthetic Yarns and to do business of man-made Yarn and fabrics; to manufacture, supply, sell and deal in Textile, Spinning and Weaving machinery; to act as Consultant in Textile lines and to carry on business of manufacturing, dying, printing, colouring, spinning and weaving of all types of fabrics.

Assam Polyester Co-Operative Society Ltd:

Compared to the Basic Objective of the Society which are to manufacture Polyester Yarns and Polyester Blended Yarns and other Synthetic Yarn and to do business of man-made yarns and fabrics, the performance of the Society, and achievement of its Objectives seems very promising. However, the Objectives themselves seem to be very vague. For example, the Financial Objectives of the Society has not been clearly stated, thus the financial performance of the Society cannot be compared to its achievement of Objectives in financial terms. This can be seen on the basis of the losses accumulated by the Society to the tune of Rs 345 lakhs in 1991-92.

In line with its Objectives, the first Industrial Venture of the Society, a blended yarn spinning Mill with 19,200 spindles capacity was commissioned on 24th June, 1988, three months ahead of schedule and without any cost overrun. Total Capital outlay of the Spinning Mill was Rs 12 crores and today this Spinning Mill is providing direct employment to 575 persons. The present
capacity utilisation of the Mill is 52% producing about 90 lakhs of rupees value of Polyester Blended Yarn per months. In spite of the critical power situation in the State of Assam, which has a major effect on various industries, coupled with the comparatively low workers efficiency, the Spinning Mill has been able to sell its products in the highly competitive yarn market without incurring any cash loss.

In the accomplishment of its Objectives, the Society also established Weaving and Processing Units, which was sanctioned by the Government of Assam in the 40th Meeting of the Public Investment Board (PIB) held on 7.3.89. The physical execution of the Project was started on 10th December 1989 and the Project was inaugurated within a span of about 13 months on 18.1.91. This Project was also completed without any cost overrun. This Project offers employment to 475 people directly. The Weaving and Processing Unit is the first of its kind in the entire North-East Region with a capacity of producing 20,000 metres of Polyester Based fibre per day.

In this Weaving and Processing Units, the yarn is spun into fabrics which are dyed and processed and sent to different Show-Rooms of APOL throughout the North-Eastern Region. It is worth mentioning that these Show-Rooms of APOL have done extremely well as far as their performance is concerned. They have done brisk business wherever they have set up and have provided stiff competition to even National and Multinational Companies like DCM, NTC, Binny, Graviera, etc. The finished products of APOL are marketed all over Assam, West Bengal, Punjab, Rajasthan, Bombay, etc. There is great demand for APOL fabrics all over Assam.
However, there is no specific Objectives framed by the Society with which to compare its Sales and Marketing performance.

The Capacity Utilisation of the Spinning Unit of APOL has been increasing each year from 13% in the first year of its operation to 52% in the 4th year. Similarly, the capacity utilisation of the Weaving and Processing Units have been 15% and 13% respectively in the first year of their operation. What should have been the capacity utilisation in all these three Units has not been clearly stated, either as an Objective or as a Target of the Society.

Similarly, the Society has not been paying Dividends during the period of this Study, to its Shareholders, since it has not been able to earn sufficient profits, with which to pay Dividends. However, what actually is the Dividend Policy of the Society has not been clearly stated. In the absence of a clear-cut policy on the payment of Dividends to the Shareholders, the number and goodwill of the shareholders of the Society is likely to get reduced and consequently the Capital base of the Society may suffer.

Though the Production Policy of the Society is very clear from the Objectives stated by it, the Marketing policy is not clearly stated. There has been no mention anywhere of the policy of giving discounts/cash rebates, etc to its wholesalers and retailers, only to the members, during festival times, nor is there any policy on the issue of Advertisements and investment on Advertising.

Similarly, there has not been any clear specific Objectives or Policies regarding Turnover, Rate Of Return, Administrative Cost/Turnover, Turnover/Employee or the Contribution it should make to the State Exchequer.
Hence, it partly proves the Hypothesis that the Objectives and Policies of APOL are not specific.

**Assam State Textile Corporation Ltd:**

The basic idea concerning the creation of ASTCL was to promote the decentralised Powerloom sector and other related economic activities, following the establishment of the BRPL (Bongaigoan Refinery & Petro-Chemicals Ltd) within the State. The creation of ASTCL was mainly to accelerate / strengthen the industrial growth of the State by establishing new Projects on textiles using Polyester Staple Fibre (PSF) from BRPL. The ASTCL started with a bright beginning, but failed to live up to its promise, as far as its objectives are concerned. On close scrutiny of the Objectives of ASTCL, as well as the interviews with the key personnel of the Corporation, it is seen that the very basic purpose of accelerating or strengthening the industrial development in the textile sector in Assam, itself, could not be translated into Projects to be developed on the basis of specific Objectives.

ASTCL was basically required to sewt up and run textile mills, lend money to textile mills, act as Consultant and provide expertise as a Consultant to other textile mills. Soon, however, these Objectives become secondary and unimportant as it could establish only one Subsidiary Synthetic Spinning Mill comprising of 15,232 spindles at Village Noapara 1, near Bijni, in Bongaigoan district in 1980. The Corporation basically remained busy with the affairs of its own primary Mill, that too with dismal results, as can be seen from its financial performance, when it had been accumulating losses all throughout from 1981-82 to 1991-92. This
can be mainly attributed to the failure of translating its Objectives to specific Projects to be started by ASTCL.

Lately, however, the Corporation seems to have taken some steps to achieve its Objectives through some specific Projects. The first venture of ASTCL which was established in the Bongaigoan district, and commissioned on 23rd December 1980, could start commercial production from 1st January 1987 only, after a period of more than 6 years. This can again be explained as a lack of specified time period in its Objectives. Now two other Units, namely a Weaving Complex and a Process House has been planned at an estimated cost of Rs 9.90 crores. Lately it has also decided to set up three non-decentralised weaving complexes at Kaliabor, Guwahati and Borpeta, of which work on the first two only could be started.

From an analysis of its financial performance, it is seen that the Corporation has always been in financial crises, inspite of a huge amount of money being invested in it by the Government of Assam. Its Rate Of Return has always been negative from 1981-82 onwards and continues to be negative, with a huge accumulated loss of Rs 739 lakhs in 1991-92. Thus, it could not lend out money to textile mills or stand guarantee, as per its Objective, to acquire and/or hold shares or deal in business in textiles, to set up and run textile mills in Assam or even to manage any business on textile mills entrusted to it by the Government. Due to the lack of specific policies, any of the above Objectives could not be achieved by the Corporation.

Moreover, it is seen that all the Objectives of the Corporation have been developed basically relating to the production aspect. Objectives relating to Marketing, Finance and Personnel have been
completely ignored by the Corporation. Fabric marketing of the Corporation was initiated under the brand name of "MANAS" and this fabric managed to achieve good response in the market. However, due to the failure of the Corporation to frame specific marketing policies, which resulted in its poor marketing strategies, could not hold the market effectively and the fabric had to be withdrawn from the market.

The Objectives of the Corporation also fails to indicate how finances shall be generated for the activities of the Corporation. This weakness in its Objectives, is also reflected in its poor utilisation of installed capacity, rising to its highest of only 55% in 1991-92. This can be attributed to the fact that the Marketing, Personnel and Financial related Objectives have not been incorporated in the overall Objectives of the Corporation. Hence, no networking is possible to provide for an internal strength for the close associative working of different Departments, which is reflected in the poor performance of the Corporation.

This, thus, proves the Second Hypothesis of the Study that the Objectives and Policies of the Public Enterprises of Assam in the Textile Sector are not specific.