CHAPTER - VI

SUMMARY AND CONCLUSIONS

This chapter, as the title suggests has been classified under two distinct parts. The investigation conducted and described in chapters from I to V, have been summarised. The summary along with principal findings have been reported in the first part under various sub-sections. The second part consists of conclusions drawn from the study along with implications, where in certain suggestions for policy planners in the co-operative spinning industry along with suggestions for further research to extend the scope of this study in new areas as well as to observe the effects of the performance of the industry other than those included in the present study have been given.

I. SUMMARY

The entire investigation reported in details in the chapters from I to V has been summarised and presented under various sub-sections as follows;
A. **INTRODUCTION:**

The Goddess creates matter; man creates utility. Industries help mankind in the creation of utility. In the process of creating utility industries serve as potent agents of developing an economy. The Cotton Textile Industry [CTI] with its constituents of Cotton Mill Industry [CMI] and Co-operative Spinning Industry plays a significant role in the development of the economy of India.

The CMI remained occupying a strategic place in the economy of many developed countries, fostering its development in the process of its expansion. For instance, the United Kingdom and United States of America owe a lot of their economic development to the CMI, in the initial stages. In all the countries where it was established, the CMI got located in particular regions and contributed to their notable development. Lancashire in UK and New England in the USA may be cited in this regard.

Initiated in 1854, the CMI had appreciably expanded and developed by 1900, in India. The industry occupied a vital place and has been playing a significant role in the development of the economy. It lay scattered but remained
concentrated in the erstwhile Bombay and Madras Presidencies. The partition of Madras province in 1953 did not alter the position. The CMI nursed and fostered the economy of the two states with its foster impulses.

B. THE CMI AS DEVELOPMENT AGENT:

The CMI has demonstrated its potentiality as an agent of developing the economy. In the process of expansion, the CMI caused ripples of development in the various sectors of the economy agriculture by increasing cotton cultivation, industry by prompting the establishment of its input suppliers and tertiary by leading to the promotion of services indispensable to it such as advertising, banking, insurance, transport etc. It generated considerable volume of employment, earned foreign exchange through exports, contributed to industrial research, State Exchequer and State Domestic Product.

C. DEVELOPMENT OF CMI:

The CMI registered spectacular progress between 1901 and 1950. Established for spinning, it grew into a fulfledged composite industry with weaving and processing activities. In the process of its expansion it increased the loomage;
the powerloom industry [PLI], a late constituent of the textile industry also expanded. Consequent upon these, the spindleage reserved for feeding Hand Loom Industry [HLI] shrunk, seriously affecting the HLI and the very lives of weavers. The HLI remains next only to agriculture in importance, in the national economy. An exclusive arrangement for the supply of yarn to handlooms on permanent basis was realised to be inevitable.

The Industrial Policy Resolution (1948) (IPR) assigned increasing role to cooperation as an economic principle in the development of cottage industries. In 1956 the Directive Principles of the constitution influenced the new IPR which made cooperation applicable to the activities of private sector. In order to mitigate the sufferings of the people involved in HLI, through regular supply of yarn at just price, an exclusive industry was decided upon; it found expression in the establishment of the first Cooperative Spinning Mill (CSM) in Guntakkul in 1953, in the erstwhile Madras province. But with the reorganisation of states, it went to Andhra Pradesh.
In Tamil Nadu, the first CSM was established in PETTAI, in Thirunelveli District. The State Government contributed Rs.10 lakhs towards the paid up share capital of Rs.42.20 lakh. It was inaugurated in September 1958. By 1969, in Tamil Nadu, there were twelve CSMs functioning, constituting the CSI in the State. The CSI emerged as the counterpart of the CMI; both constituted the CTI. In 1990, CSI in the state consisted of seventeen mills.

The CSI became a state-capitalist enterprise with the largest participation of the Government in the share capital. It has been promoted with certain specific goals which have been listed below:

1. Regular supply of yarn at required quantity and just price.

2. Create employment opportunities to absorb the rural unemployed;

3. Provide employment to repatriates.

4. Foster the economy.

5. Contribute to the State Domestic Product.
6. Enable the expansion of cooperative movement;

7. Promote social upliftment.

In 1969, 61 CSMs have been functioning in the country of which twelve were in Tamil Nadu. The CSI in the State occupies an important place in the economy which is best illustrated by the following data:

The productive capital amounted to Rs.1031.90 CVS which formed 0.1 percent of the aggregate productive capital of the industrial sector in the State. The value of total assets amounted to Rs.1370.75 lakhs which accounted for 1.13 percent of the aggregate capital of the manufacturing sector in the State. The CSI consumed various input worth Rs.914 lakh which formed 0.83 percent of the aggregate consumption of inputs of the manufacturing sector. The industry produced goods worth Rs.992 lakh which is 0.73 percent of the aggregate industrial output. The volume of employment was 6465 forming 1.30 percent of the total industrial employment. The contribution to the SN^P was valued at Rs.35 lakh which formed 0.14 percent of the aggregate contribution of the manufacturing sector. The total emoluments amounted to Rs.134.12 lakh accounting to 1 percent of the aggregate emoluments of manufacturing sector.
Beside, the CSI could feed about 63000 handlooms and 269 powerlooms and alleviate poverty by supporting 3.15 lakh people with means to live, contributed to solve rural and urban unemployment problem by offering employment opportunities, to arrest the meance of bonded weavers.

Thus on the basis of the data presented in the preceding paragraphs, it may be assumed that the CSI does contribute to the development of the state economy. There is a dearth of research on the role of CSI in India. So the researcher felt it appropriate to go into the proposed research endeavour and promote social welfare.

E. THE STUDY:

The title of the present study is "THE ROLE OF CO-OPERATIVE SPINNING INDUSTRY IN THE ECONOMIC DEVELOPMENT OF TAMIL NADU".

For the study, the period from 1970 to 1990 has been chosen. The study covers all the seventeen mills in the CSI in Tamil Nadu.
F. OBJECTIVES:

The main objectives of the investigation are to study:

1. The role of industrialisation in the economic development of the country.

2. The contribution of the CSI to the economic development of Tamil Nadu.

3. To evaluate the contribution of the CSI to the economic development of Tamil Nadu.

4. To indentify the specific problems that confront the CSI in Tamil Nadu: and

5. The recommend suitable measures for the development of the CSI in Tamil Nadu.

G. HYPOTHESES:

On the basis of the objectives presented in the preceding section, the following hypotheses have been framed:

1. The CSI has performed upto the expected norms of economic and technical efficiency.

2. The CSI has registered growth upto the expected level.
With reference to other objectives, the empirical data collected have been analysed and generalisations drawn. Because hypotheses could not be formulated in the absence of established or stipulated norms and standards regarding the various aspects of the contributions of the CSI to the state economy.

**THE METHODS OF DATA COLLECTION:**

The following tools were carefully examined and selected and were used for different aspects of the study:

1. Interview,
2. Content Analysis and
3. Questionnaire.

1. **INTERVIEW:**
   Interviews were conducted with the officers of the Department of Textiles of Government of Tamil Nadu, the Managing Directors of CSM, Heads of administration, production and personnel departments of the CSMs. General information on the goals, participation of the Government, price fixation, recruitment etc., have also been gathered.
2. CONTENT ANALYSIS:
Content Analysis was employed to collect relevant data from Articles, Bulletins, Journals, Research Reports and Surveys published by Government and recognised organisations. Data on the development of CTI in the economies of European countries, America, Russia, the formative period of the industry in India, its development, capital structure, inputs, outputs, employment, financial performance, capacity utilisation, whole-sale price indices; the formation of the first CSM, the financial structure and participation of Government in the CSI, purchases, consumption, capacity utilisation, production, sales, recruitment, financial performance, Governments encouragement to cooperation, value added, significance of decentralised sector, taxes paid by mills, industrial cooperatives, State Revenue, value-added by manufactories, the structure of manufactories and growth—all have been gathered.

3. QUESTIONNAIRE:
Questionnaire were administered to collect data on the location of mills, goals, investment, sales, personnel, procurement of inputs of state origin and out state, raw material adequacy, provision on social security measures,
performance areas have been evaluated through performance indicators; the indicators reflecting performance in every area have been delineated. The reasons for the employment of performance indicators and the standards with which they have been compared, have been presented at appropriate places of the process of evaluation.

Evaluation of financial performance has been done employing financial ratios, capital productivity, total revenue and cost and growth of capital; technical performance by the extent of utilisation of plant and technology and capacity; growth performance by sales, net output, net output total cost ratio, productivity of labour and capital and additions to capital; development performance by the volume of expenditure on inputs of state origin and out state origin, value of sales in state and out state; employment performance by textile standards and the ratio between spinning and non-spinning labour.
For the evaluation of welfare, sectoral, rural, social and revenue performance, the data collected have been employed and generalisations drawn as stipulated norms and standards are not available. Thus welfare performance has been evaluated by the expenditure on welfare-provision; sectoral performance by the investment expenditure in cooperatives; rural performance by the number of unemployed rural people absorbed; social performance by provision of yarn to different industries, number of people supported, average wage paid, donations made, repatriates employed, number of bonded weavers released, contribution to research institutions and the revenue performance, by the amount of state levies paid.

But of the ten performances reported, financial growth, development and employment areas of the CSI have been compared with the financial, growth, development and employment areas of the CMI.

2. PRINCIPAL FINDINGS:

The study has led to the following findings:

1. Industrialisation has played a significant role in the economic development of the country;
2. The CSI has contributed to the development; 

3. The CSI has contributed to the economic development of Tamil Nadu; 

4. The CSI has satisfactorily performed in the promotion of labour welfare. 

5. The CSI has performed satisfactorily in alleviating poverty. 

6. The CSIs performance in maintaining educational medical and social services remained satisfactory. 

7. The CSI has performed satisfactorily in releasing the bonded-weavers from servitude 

8. The CSI has contributed to the welfare of the society satisfactorily. 

9. Specific problems like scarcity of power, rising costs of factors and under utilisation of technology confront the industry and 

10. The CSI requires certain measures like effective management and planning.
3. IMPLICATIONS:

The implications of the present research endeavour is the establishment of a fact that the CSI is a definite and concrete agent of economic development. Further research may be carried out to substantiate or contradict the findings of the present study of CSI, in other parts of this vast country. As it was established in the study that the efficient performance of the CSI has not been achieved due to shortage of raw material and power, failure to utilise plant and machinery efficiently conform to prescribed production and cost standards and adhere production to the dictates of market trend, something should be urgently done to solve these problems.

The study reveals that the performance of the CSI may be made more efficient by adopting suitable measures. The following measures are suggested towards this end;

Firstly, It was the shortage and irregular supply of cotton that compelled the establishment of the CSM. The experience of the CTI has been that cotton is not available to meet its requirements. The trend of cotton cultivation reveals that no appreciable addition of land to increase cotton cultivation has been made. The CSI has
Seventhly, The CSI needs textile chemicals and spares in the production process. The CSI is not financially sound to establish factories to manufacture them. It would be better to establish a co-operative store to procure them and supply to the industry. The firms manufacturing these items and enjoy concessions etc., granted by the Government may be required to ensure the supply of these goods at just price to the CSI. This would enable the CSI to continue production and also minimise the cost.
Secondly, Mills, where additional supply of power to energise spindles due to expansion, is required, supply be ensured:

Thirdly, Steps for appropriate utilisation of plant and for making production conform to the standards fixed by textile research institutions may be initiated:

Fourthly, Production may be adhered to market trends also, besides the requirements of cooperatives.

Fifthly, A factory for the manufacture of electrical accessories and packaging materials required by the CSI may be set up and

Sixthly, A cooperative store for procuring and supplying chemicals and textile spares to the CSI may be set up.
to find a reliable alternative for cotton supply. Poramboke lands are available. They can be acquired from the Government either on purchase or lease, so that cotton can be cultivated by the CSI, establishing cotton farms. Beside, the cotton growers who are members of co-operatives may be required to sell a sizable portion of the produce to the CSI. These measures would ensure cotton supply and smooth operation of the CSI.

Secondly, Some of units have expanded their spindleage which requires additional power. The Electricity Department takes undue time to make the supply. This leads to loss of production which can be avoided by prompt action. As the State suffers with paucity of power, the CSI can be provided adequate diesel from Indian Oil Corporation directly so that production can be frictionless.

Thirdly, If cotton and power can be assured, capacity utilization can be increased. This would help the CSI to minimise the cost.

Fourthly, Some of the units have conformed to the set standards in the production of few counts and some over fulfilled the prescribed norms. This
indicates the diversity in the level of technology. For the standard functioning of the industry, the level of technology has to be equalised. Suitable steps like updating machinery, introduction of latest production technology etc., are essential.

Fifthly, The statutory obligation of the CSI in the supply of yarn is around fifty per cent of production. The spindleage in excess of this statutory requirement may be utilised for producing the counts of yarn for which there is demand in the open market. The Managing Directors have to be given powers to make suitable changes in production as the market trends dictate. This is essential to save the industry from loss.

Sixthly, Among the inputs, electrical spares and among others, packaging materials are frequently required. A factory for the production of these goods has to be established in the Co-operative Sector to meet the industry's requirements. This would enable the industry to avoid gaps in the production process and sales.
4. SUGGESTIONS FOR FURTHER RESEARCH:

It may not be inappropriate to mention while concluding the study that the present research endeavour is only an explanatory study in general. The growth of the Cooperative Spinning Industry and its performance afforded ample area of vast research work. The present study suggests some important and related but largely unexplored areas of further research. Those are;

Firstly, Financial performance and economic efficiency of CSI in the developing economy.

Secondly, Productivity of Labour and Capital in CSI.

Thirdly, The study of the relationship between Total Revenue and Total cost in CSI.

Fourthly, Growth of CSI in a developing economy.

Fifthly, Comparative study of financial performance of CSI in Tamil Nadu with that of CSI in other state.

Sixthly, The Relationship between technical and economic performance of CSI in Tamil Nadu and that of CSI in other state.
Seventhly, Rural performance of CSI in Tamil Nadu and that of CSI in other state.

Eightly, The Social performance of CSI in Tamil Nadu and that of CSI in other state.

Ninthly, The Linkage Effect of the CSI in Tamil Nadu and other state and

Tenthly, Comparative study of CSI and CMI in developing the economy of other states.

If research can be undertaken on the aforementioned aspects, more light will be thrown on the potentiality of the Cooperative Spinning Industry in the development of an economy.