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AN ANALYTICAL STUDY ON GROWTH AND PROBLEMS OF SMALL SCALE SPINNING UNITS IN COIMBATORE DISTRICT

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ABSTRACT

The textile industry is one of the earliest industries to come into existence in India which is the world's second largest producer of textiles and garments after China. India is also the largest exporter of the cotton yarn in the world. The availability of cotton and large labour force with required skills at a comparatively cheaper rate are the strengths of Indian cotton textile industry. Coimbatore district is the second most industrialized district in Tamilnadu after Chennai. Spinning is the first stage of a vertical textile manufacturing process whereby fibres are converted into yarn and significant value is added during the process of transforming cotton into yarn. At this juncture, an attempt is made to measure the growth of small scale spinning units (132 units) and to assess the challenges faced by them.

KEYWORDS: Small Scale Spinning Units, Growth, Problems

INTRODUCTION

The textile industry is one of the earliest industries to come into existence in India which is the world's second largest producer of textiles and garments after China. India is also the largest exporter of the cotton yarn in the world. The availability of cotton and large labour force with required skills at a comparatively cheaper rate are the strengths of Indian cotton textile industry. India's textile industry comprises mostly small scale, non-integrated spinning, weaving, finishing and apparel making enterprises.

Spinning is an agro-allied industry that links indigenous cotton produces with textile manufacturers. Spinning is the first stage of a vertical textile manufacturing process whereby fibres are converted into yarn and significant value is added during the process of transforming cotton into yarn Coimbatore district is the second most industrialized district in Tamilnadu after Chennai. The spinning mills in SSI sector of Coimbatore district constitute 57 per cent of share in the state. It is known as the Manchester of South India because of its well developed textile and other industries. At this juncture, an attempt is made to measure the growth of small scale spinning units (132 units) and to assess the challenges faced by them.

MEASUREMENT OF GROWTH

Every business unit tries to grow and takes efforts continuously to achieve it. The growth of an organization can be measured not only in terms of profits but also in terms of production, sales, number of persons employed, raw materials consumed, power consumption, amount of owned capital, working capital, value of plant and machinery, and contribution to the Government.

The growth index of the sample units have been measured with the help of five growth variables namely,

- Value of Production
- Value of Sales Turnover
- Amount of Working Capital
- Number of Persons Employed
- Contribution to the Government

The data has been collected from the sample units for a period of 5 years from 2007 – 08 to 2011 – 12. The year 2007 – 08 is taken as base year and the average is calculated for the remaining four years i.e. 2008 – 09 to 2011 – 12. The percentage of the growth is calculated by applying the formula given below.

$$\frac{\text{Average value of each component from 2008 – 2012}}{\text{Value of each component in the base year (2007 – 08)}} \quad X \quad 100$$

The percentage of growth of each component is calculated and scores are awarded. The total score of each sample unit is calculated by adding the scores it got for all the five growth variables.

The scores obtained by the sample units have been converted into an index called 'Growth Index' and the overall mean and standard deviation have also been calculated. Based on the growth index the sample units have been divided into three groups as units with low, medium and high level of growth.

Table 1: Classification of Sample Units

Sl. No	Level of Growth	Number of Units
1	High	24 (18.18%)
2	Moderate	84(40.90%))
3	Low	24(18.18%)
	Total	**132**

After the measurement of growth of the sample units, F' test or 't' test has been applied to find out whether there exists any significant difference in the mean growth index of different groups of sample units. Chi – square test has been applied to find out the association between selected independent variables and growth.

Challenges of Small Scale Spinning Units

The process of liberalization and economic reforms since 1991 and phasing out of Multi Fibre Agreement in 2005 not only created tremendous opportunities for the growth of small scale spinning units but also have thrown up new challenges. The vital issues to be addressed are building the competitive strength, upgrading technology and improving the quality of the products.

Small scale spinning units could not progress satisfactorily due to various problems they come across while running the business. The major problems faced by the sample units are presented below

- Problems in Procurement of Raw materials

- Labour Problem
- Finance Problem
- Marketing Problem
- Technology Problem
- Power Problem

Table 2: Results of F/T Test

Problems	Level of Problem			F/T Value	Results
	Low	Moderate	High		
Problems. in Procurement of Raw materials	10(7.58)	94(71.21))	28(21.21)	**0.149**	No significant Difference
Growth Index	32.00	30.30	28.29		
Labour problem	26(19.70)	90(68.18)	16(12.12)	**11.053**	Significant Difference Exist
Growth Index	44.58	24.88	35.13		
Finance problem	20(15.15)	88(66.67)	24(18.18)	**0.189**	No significant Difference
Growth Index	27.75	30.74	29.17		
Marketing problem	34(25.75)	84(63.64)	14(10.61)	**1.033**	No significant Difference
Growth Index	28.21	31.75	23.86		
Technological problems	36(27.27)	68(51.52)	28(21.21)	**2.515**	No significant Difference
Growth Index	25.97	33.90	25.71		
Power problem	17(12.88)	79(59.85)	36(27.27)	**0.814**	No significant Difference
Growth Index	36.00	29.25	28.81		

- It is evident from the table that the growth index is low with those units which face this problem at a high level. The growth index is highest with those units which face this problem at a low level. As the calculated F value is less than the table value at five per cent level of significance, it can be said that there does not exist a significant difference in the mean growth index of units which are classified on the basis of level of problems faced in the procurement of raw material.
- Table 2 reveals that the growth index is the lowest with those units which face labour problems at a moderate level and it the highest in case of those units which are exposed to this problem at a low level. As the calculated F value is greater than the table value at five per cent level of significance, it can be inferred that mean growth index differs significantly between units which are classified on the basis of labour problem
- It is clear from Table 2 that the growth index high is high with those units which face this problem at a moderate level and it is low with those units which face this problem at a low level. The calculated F value is less than the table value at five per cent level of significance, it can be said that there is no significant difference in the mean growth of the units which are classified on the basis of finance problem faced by them.
- It could be seen from the table that the average growth index of the units which face marketing problem at a moderate level is high. The growth index of units which face this problem at a high level is found to be lowest. As the calculated F value is less than the table value at five per cent level it can be inferred that there is no significant

difference in the mean index of the units which are classified on the basis of marketing problem.

- Table 2 reveals that growth index of the units which face technology problem at moderate level is high and it is low in respect of those units which face this problem at a low level. As the calculated F value is less than the table value at five per cent level of significance, it can be said there is no significant difference in the mean growth index of units which are subdivided on the basis of technological problems faced by them.
- It is clear from Table 2 that growth index is high with those units which face power problem at a low level. For those units which face this problem at a high level, the growth index is low. As the calculated F value is less than the table value at five per cent level of significance, it could be said that there is no significant difference in the mean growth index of the units classified on the basis of power problem.

Table 3: Results of χ^2

Problems	Calculated χ^2 Value	Table Value		Degrees of Freedom	Results
		5%	1%		
Problems in procurement of raw material	**1.803**	**9.488**	**13.277**	4	Not Associated
Labour Problem	**19.815**	**9.488**	**13.277**	4	Associated
Finance Problem	**9.671**	**9.488**	**13.277**	4	Associated
Marketing Problem	**2.562**	**9.488**	**13.277**	4	Not Associated
Technology Problem	**10.177**	**9.488**	**13.277**	4	Associated
Power Problem	**0.9198**	**9.488**	**13.277**	4	Not Associated

It is clear from the above table that Labour problem, finance problem and technology problem have significant association with the growth of the sample units.

CONCLUSIONS

The complete supply chain from availability of fibres to supply of finished products to the market is in existence in India, and this is the strength of the Indian Textile industry. The industry is having the potential to produce and supply a package of products comprising variety of fibres in different size clothes of different wave and finish. Large and low-cost labour force, adequate availability of raw material and sufficiency in spinning capacities are the strengths of Indian textile industry, which will make India a major outsourcing hub for foreign manufacturers and retailers. However the textile units also face few challenges such as paucity of technical manpower, heavy fluctuation in cotton prices, hefty power tariff lack of innovation and weak marketing ability. Despite the above challenges Tamilnadu cotton based textiles industry continues to dominate the nation's other textiles centre

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