

# Factors Influencing Growth of Small Scale Spinning Units

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**Abstract-** Spinning is the process of converting cotton or manmade fibre into yarn. India enjoys a strong production base of wide range of fibres from natural fibres like cotton, jute, silk and wool to synthetic, man-made fibres like polyester, viscose, nylon and acrylic. No other country except China has such a diverse base in textile fibres. Small scale, non-integrated spinning, weaving, finishing and apparel making enterprises comprise the major part of the Indian textile industry. Tamilnadu is one of the few States that adopts the strategy of industrial growth with emphasis on small scale industries. The small scale industries form the backbone of textile industry, so any measure taken by the Government to strengthen the textile industry should focus on the capacity building of these small scale industries.

**Index Terms-** Level of growth, Small Scale units and Factors

## I. INTRODUCTION

Small scale, non-integrated spinning, weaving, finishing and apparel making enterprises comprise the major part of the Indian textile industry. The structure of Indian textile industry is entirely different from the structure of major textile producing countries. The Government policy of favoring labour intensive, small scale industries is the main reason for the unique structure of the industry.

Spinning is the process of converting cotton or manmade fibre into yarn. India enjoys a strong production base of wide range of fibres from natural fibres like cotton, jute, silk and wool to synthetic, man-made fibres like polyester, viscose, nylon and acrylic. No other country except China has such a diverse base in textile fibres. Thus, availability of wide range of fibres coupled with close linkage with culture, Indian textile industry is able to produce variety of products suited to the varying needs and preferences of the consumers. Industrial delicensing and liberalization policies accelerated the growth of spinning units. The spinning sector is reasonably modernized when compared to other sectors of the textile industry

Tamilnadu is one of the few States that adopts the strategy of industrial growth with emphasis on small scale industries. Tamilnadu at 15.1 per cent, accounts for the largest number of Micro, Small and Medium Enterprises (MSMEs) established and

run in the State. To stimulate further industrial development the Government of Tamilnadu has announced the New Industrial Policy 2007 with the objective of reviving micro, small and medium enterprises in the State to become competitive in the global market. Tamilnadu's MSME Policy announced in 2008 aimed at sustaining the growth rate of the sector over 10.0 per cent. It also aimed at promoting 10 lakh direct and indirect employment during the Eleventh Five year plan period. Recently, the State Government has launched Rs. 50 crore Tamilnadu Cotton Cultivation Mission to boost the production of cotton in the State. Under this mission, atleast 3.70 lakhs acres will be brought under Cotton Cultivation in 2014-15, and ultimately the cultivation will be expanded to 6 lakh acres in that next five years. Definitely, the measure taken by the Government if successfully implemented will make the State self sufficient in cotton production.

The small scale industries form the backbone of textile industry, so any measure taken by the Government to strengthen the textile industry should focus on the capacity building of these small scale industries. Again these small scale industries are concentrated in a particular area, and so various clusters are formed across the country. The powerloom units are concentrated in clusters like Surat, Bhiwandi, Malegaon, Erode, and Salem. The knitwear units are concentrated in Ludhiana and Tiruppur. The home furnished clusters are concentrated in Kannur, Karur and Panipet. Bangalore, Chennai and Delhi have emerged as apparel manufacturing clusters, while Guntur and Indore are famous for ginning and processing activity. Coimbatore and Madurai are known for cotton spinning clusters. The researcher has selected 132 small scale spinning units in Coimbatore district for the study purpose.

## II. GROWTH INDEX

The growth of the sample units has been measured with the help of growth index. For measuring the growth, five components namely – value of production, value of sales, amount of working capital, number of workers employed and contribution by the unit to the Government were identified. The percentage of the growth is calculated by applying the formula,

Average value of each component from 2008 – 2012

Value of each component in the base year (2007 – 08)

X 100

The percentage of growth for each component is calculated and scores are awarded. Each component is awarded a maximum score of 20 thus, the total score comes to 100 (20 scores X 5 components). 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. In order to classify the units into three such groups, mean and standard deviation have been made use of. Accordingly by adding standard deviation with mean value and the units which scored above this value were categorized as 'high level growth units'. The standard deviation was subtracted from the mean value and the units which scored below this value were categorized as 'low level growth units'. The sample units whose score is between these two values were categorized as 'moderate level growth units'. The classification at the end revealed that 24 units are high level growth units, 24 units are low level growth units and 84 units come under moderate level growth.

### III. FACTORS INFLUENCING LEVEL OF GROWTH

The success of an enterprise depends on the personal qualities of the entrepreneur and this plays a vital role in case of small scale units. In addition to the personal characteristics of the entrepreneur, there are some other factors that influence the growth of a business, such as location of the unit, production and purchase policy followed, type of products produced, and quality of the work force etc,

Men, Material, Machine, Money are the four important 'M's that are required to run a business unit successfully. The researcher has attempted to analyse the significant role played by the employees of the sample units towards its success. Some important aspects of this resource such as labour turnover, housing facility, canteen facility, transport facility, Regularity in sharing Views with Employees and Seeking Opinion from Subordinates have been selected. Analysis of variance (ANOVA) and 't' has been used to find out whether the mean growth index of various sample units differ significantly. Chi – square test has been employed to ascertain the association that exists between the selected attributes and the level of growth of units. The levels of confidence chosen are five and one per cent for all the tests

#### Results of F/t test

##### i) Labour Turnover and Growth Index

Labour turnover is the biggest problem faced by any business unit and it is a hindrance to the growth of the unit.

**Table 1**  
**Labour Turnover and Growth Index**

	Labour Turnover			Total
	High	Moderate	Low	
<b>Numbers</b>	40 (30.30)	68 (51.52)	24 (18.18)	<b>132</b>
<b>Growth Index</b>	32.70	25.47	38.33	<b>30</b>

**F Value = 4.048\***

It can be seen from the Table that the average growth index of those units with low labour turnover is high and the average growth index of those units with moderate labour turnover is low. Since the calculated F value (4.048) is greater than the table value at five per cent level (3.066), it can be inferred that there is a highly significant difference in the mean index of units which differ among themselves in labour turnover.

##### II) Housing Facility and Growth Index

Business units provide a few facilities to their employees in addition to their remuneration. Employees may be provided with rent free accommodation or a accommodation at a subsidized rate by an organization to reduce labour turnover.

**Table 2**  
**Housing Facility and Growth Index**

	Housing Facility		Total
	Provided	Not Provided	
<b>Numbers</b>	84 (63.64)	48 (36.36)	<b>132</b>
<b>Growth Index</b>	33.62	23.67	<b>30</b>
<b>Total</b>	<b>132</b>	<b>30.00</b>	

**t Value 2.705 \*\***

\*\* Significant at one per cent level

It is clear from the table that the average growth index of those units which provide housing facility to their employees is high and it is low for those units which do not provide this facility. As the calculated 't' value is greater than the table value at one per cent level of significance, it can be said there is a significant difference in the mean growth index of units which are classified on the basis of housing facility provided.

**III) Canteen Facility and Growth Index**

An organization may run a canteen where food is provided to the employees at subsidized rate. The units are classified into two groups as units which provide canteen facility and units which do not provide this facility.

**Table 3  
 Canteen Facility and Growth Index**

	Canteen Facility		Total
	Provided	Not Provided	
<b>Numbers</b>	88 (66.67)	44 (33.33)	<b>132</b>
<b>Growth Index</b>	28.89	32.23	<b>30</b>

**t Value 0.868**

In the first group there are 88(66.70%) units which provide canteen facility to the workers. Their average growth index is 28.89. The units which do not provide canteen facility to their workers are grouped in the second category; their average growth index is 32.23. As the calculated 't' value is less than the table value at five per cent level of significance, it can be inferred that there is no significant difference in the mean growth index of units which are classified on the basis of canteen facility

**IV) Transport Facility and Growth Index**

A spinning unit employs workers belonging to the same area or coming from nearby places. In this situation it has to provide transport facility to the workers to reduce unexpected absenteeism. The units are classified into two groups as units which provide transport facility and units which do not provide this facility

**Table 4  
 Transport Facility and Growth Index**

	Transport Facility		Total
	Provided	Not Provided	
<b>Numbers</b>	62 (46.97)	70 (53.03)	<b>132</b>
<b>Growth Index</b>	28.48	31.34	<b>30</b>

**t Value 0.786**

It could be seen from the table that the average growth index is high for those units which do not provide transport facility to their workers and is low for those units which provide this facility to their workers. Hence, it could be inferred that transport facility is not associated with growth. As the calculated 't' 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 index of units which are classified on the basis of transport facility provided.

**V) Regularity in sharing Views with Employees and Growth**

If an organization follows democratic leadership policy it will give opportunity to its workers to share their views with the management. This approach of the top level management will develop a cordial relationship between the workers and management which will facilitate growth of the unit. This opportunity may be offered regularly or occasionally while other organizations will not provide this opportunity to its workers.

**Table 5**  
**Regularity in sharing Views and Growth Index**

	Regularity in sharing Views			Total
	Regularly	Occasionally	Never	
<b>Numbers</b>	74 (56.06)	52 (39.39)	6 (4.55)	<b>132</b>
<b>Growth Index</b>	26.35	34.85	33.00	<b>30</b>

**F Value = 2.674**

It can be inferred from the table that the average growth is high for those units which provide opportunity to its employees to share their views occasionally and it is low in case of units which give opportunity to its employers to share their views regularly. 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 which are classified on the basis of opportunity given to workers to share their views.

**VI) Seeking Opinion from Subordinates and Growth**

An organization may hold consultation with the subordinates before implementing any policy decision. This approach will encourage the workers to work enthusiastically towards the goal of the organization.

**Table 6**  
**Seeking Opinion from Subordinates and Growth Index**

	Regularity in Seeking Opinion from Subordinates			Total
	Regularly	Occasionally	Never	
<b>Numbers</b>	62 (46.97)	54 (40.91)	16 (12.12)	<b>132</b>
<b>Growth Index</b>	26.35	33.46	32.44	<b>30</b>

**F Value = 1.830**

It is clear from the table that the level of growth index is high with those units which hold consultation with employees occasionally and it is low with those units which regularly consult their employees before taking any policy decision. As the calculated F value is less than the table value at five per cent level of significance, it can be inferred that there is no significant difference in the mean growth index of the sample units which are classified on the basis of management approach towards subordinates.

**Results of CHI-SQUARE TEST**

The table given below gives the results of  $\chi^2$  test

**Table 7**  
**Results of  $\chi^2$**

Factors	Calculated $\chi^2$ Value	Table Value		Degrees of freedom	Results
		5%	1%		
Labour Turnover	<b>20.114</b>	<b>9.488</b>	<b>13.277</b>	4	Associated
Housing Facility	<b>6.679</b>	<b>5.991</b>	<b>9.210</b>	2	Associated
Canteen Facility	<b>9.429</b>	<b>5.991</b>	<b>9.210</b>	2	Associated
Transport facility	<b>3.050</b>	<b>5.991</b>	<b>9.210</b>	2	Not Associated
Regularity in sharing views	<b>17.638</b>	<b>9.488</b>	<b>13.277</b>	4	Associated
Seeking opinion from the subordinates	<b>7.837</b>	<b>9.488</b>	<b>13.277</b>	4	Not Associated

From the above table it is clear that human resources factors such as labour turnover, housing facility, canteen facility and regularity in sharing views with employees are associated with the growth of the units whereas the transport facility and seeking opinion from the subordinates are not associated with growth of the sample units.

#### IV. SUGGESTIONS

The main challenge faced by the spinning mills in this region is non-availability of skilled labour. The workers employed in the mills are mostly technically untrained and so their productivity is affected. As per the SIMA release, the average attrition rate in textile mills is 30 per cent to 60 per cent and in case of small scale units it is 30 per cent. The widening skill gap and high attrition rate can be reduced if the following measures are taken.

a) The mills should develop a healthy retention plan which includes offering annual incentive, providing prerequisites such as rent free accommodation, food at a subsidized rate and transportation facility to workers to commute from their home to work place and vice versa.

b) The working condition of the mills should be improved. The mills should make arrangements for ventilation, exhaust fans to exclude dust and fumes. Basic hygienic facilities, health and safety measures as mentioned in the Factory Act 1948 should be provided.

c) The manpower requirement is estimated to be six to seven lakhs workers in Tamilnadu, Andhra Pradesh and Karnataka. This can be achieved by offering Textile Technology Programmes to the students. The internship training programmes may be offered to final year students of Textile Technology. A separate Institutional Training Institute (ITI) for textiles should be started in Coimbatore to train the students and make them employable.

#### V. CONCLUSION

The findings of the study reveals that out of six variables selected for the study purpose the variables that influenced the growth of the spinning units are Labour Turnover, Housing Facility, Canteen Facility and Regularity in sharing views with employees. This shows that the spinning units should give more attention to the human resources of the organisation. Efforts should be taken by the units to improve their working condition. The organization should provide more perquisites to the workers and encourage them to participate in managerial decision making.

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