

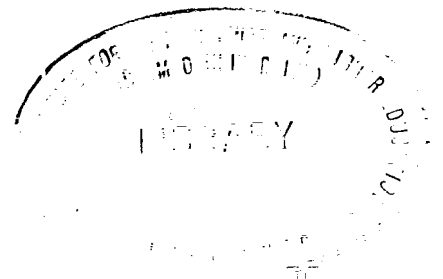
Economic Performance Of the Subsidiary  
Corporations of the National Textile  
Corporation of India

BY

Veena Balkrishna Hingle

A DISSERTATION SUBMITTED TO THE BHARATHIAR UNIVERSITY,  
COIMBATORE, IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF  
MASTER OF ARTS

**MAY - 1988**



## Acknowledgement

## ACKNOWLEDGEMENT

The investigator extends her sincere thanks and gratitude to **Mrs. C. Jaya, M.A., Dip. Ed., M.Phil.**, Assistant Professor of the Department of Economics, Sri Avinashilingam Home Science College (Autonomous) for Women, Coimbatore, for rendering her valuable guidance and assistance throughout the study.

The investigator is extremely grateful to **Dr. (Selvi) Saraswati Bhatji, M.A., Ph.D.**, Professor and Head of the Department of Economics, Sri Avinashilingam Home Science College (Autonomous) for Women, Coimbatore for her encouragement and suggestions. The investigator is grateful to **Dr. (Mrs.) Lakshmi Shantha Rajagopal, M.S. (Tenneese), Ph.D.**, (Madras), Principal, Sri Avinashilingam Home Science College (Autonomous) for Women, Coimbatore, for providing facilities to conduct the study.

The investigator records her sincere thanks to **Dr. N. Krishnamurthi, B.E., M.Sc., Ph.d.**, Head of the Computer Science, Salem Engineering College, Salem, for his assistance in the computation of the data. The investigator extends her gratitude to **Dr. V.V. Desai**, Senior Faculty Member, NTC Staff Training College, Coimbatore, for having provided all the required materials regarding the subject.

The investigator records her deep sense of gratitude to her family members and well-wishers for their cooperation and good wishes.

Finally, the investigator places her sincere thanks to **Ms. Kaarthic EDP, 385-C, Crosscut Road, Gandhipuram, Coimbatore - 12** for their excellent execution of Electronic Typing.

## LIST OF CONTENTS

Page No.

### LIST OF FIGURES

### LIST OF TABLES

### APPENDIX

CHAPTER I	<b>INTRODUCTION</b>	1
CHAPTER II	<b>REVIEW OF LITERATURE</b>	5
	1. <i>History of the NTC</i>	
	2. <i>Selected Indicators of the Economic Performance of the NTC</i>	
	a. <i>Number of mills in different regions</i>	
	b. <i>Value of production</i>	
	c. <i>Profit/loss account</i>	
	3. <i>The New Textile Policy - Highlights and Features</i>	
	4. <i>Impact of the New Textile Policy on NTC</i>	
	5. <i>Related Studies</i>	
	a. <i>Studies on economic performance</i>	
	b. <i>Studies on modernisation</i>	
CHAPTER III	<b>METHODOLOGY</b>	30
CHAPTER IV	<b>RESULTS AND DISCUSSIONS</b>	34
	1. <i>General Information</i>	
	2. <i>Analysis of the sources of funds and the application of funds</i>	
	3. <i>Cost Analysis</i>	

4. *Sources of Finance*
5. *Production Analysis and Sales Performance*
6. *Inventory Analysis*
7. *Income and Profit/Loss Analysis*
8. *The Role of NTC in the development  
of the textile sector*
9. *The impact of advertisement and publicity in the  
sales performance*
10. *Efficiency Indices*

**CHAPTER V SUMMARY AND CONCLUSION** 79

**CHAPTER VI REFERENCES** 84

## ***LIST OF FIGURES***

**Sl.No.**

**Page No.**

1. *Total cost trend of the NTC*
2. *Marginal cost trend of the NTC*

## **LIST OF TABLES**

<u>Sl.No.</u>		<u>Page No.</u>
2.1	<i>Regionwise distribution of mills controlled by NTC</i>	
2.2	<i>Regionwise details of the value of production of the NTC mills</i>	
2.3	<i>Regionwise profit/loss details of the NTC mills</i>	
2.4	<i>Ten years of progress in NTC (TNP) - selected indicators</i>	
4.1	<i>Regional corporationwise percentages to total funds</i>	
4.2	<i>Regional corporationwise details of sources of funds</i>	
4.3	<i>Regional corporationwise percentages to total assets</i>	
4.4	<i>Regional corporationwise asset details</i>	
4.5	<i>Regional corporationwise percentages to total assets</i>	
4.6	<i>Regional corporationwise details of total capital</i>	
4.7	<i>Regional corporationwise details of fixed capital components</i>	
4.8	<i>Regional corporationwise details of capital consumption allowance</i>	
4.9	<i>Regional corporationwise details of total cost</i>	
4.9a	<i>Estimated total cost and marginal cost - regionwise</i>	

- 4.10 Regional corporationwise details of loans
- 4.11 Regional corporationwise details of interest payments due on loans
- 4.12 Regional corporationwise details of production of cloth and yarn
- 4.13 Regional corporationwise details of sale of cloth and yarn
- 4.14 Regional corporationwise details of production values of cloth and yarn
- 4.15 Regional corporationwise details of sales value of cloth and yarn
- 4.16 Regional corporationwise details of inventories
- 4.17 Regional corporationwise details of the earnings
- 4.18 Regional corporationwise details of loss
- 4.19 The indices of NTC loan utilisation - regionwise
- 4.20 Regional corporationwise details of selling cost and value of sales
- 4.21 Productivity co-efficients - regionwise
- 4.22 Asset utilisation ratios - regionwise
- 4.23 Ratios relating to inventories - regionwise
- 4.24 Commercial viability ratios - regionwise
- 4.25 Liquidity and solvency ratios - regionwise

# Introduction

## I. INTRODUCTION

Rapid industrialisation of a backward but developing country like India depends upon the creation of infrastructure and economic overheads. The basic rationale for public sector is to create the infrastructure and this they have done quite successfully by and large. The Planning Commission of India realised that a more diversified development in the field of industries is necessary for self-generating growth. Naturally, the Government had to come in a big way to undertake the strategic industries. Public sector had entered into a wide spectrum of products including consumer goods. The image of the public sector has started looking up (Dutt - Sundaram, 1980).

The cotton textile industry represents the single largest enterprise in the organised sector with a weightage of 21 percent in the index of industrial production. Though its paid-up capital is less (6 percent), it provides employment to one million people directly and indirect employment to many millions, like the cotton growers, the processors, handloom and powerloom workers. The cotton textile industry is an excellent medium for generating large employment (Dudeja, 1981).

The Indian cotton textile industry has been facing a number of problems in the last one or two decades. About 60 percent of the total installed capacity is more than 30 years old and another 20 percent is in the weak and marginal units. The impact of this inefficient and outdated plant and machinery has not only impaired the capacity of the industry to compete in the world market but

## I. INTRODUCTION

Rapid industrialisation of a backward but developing country like India depends upon the creation of infrastructure and economic overheads. The basic rationale for public sector is to create the infrastructure and this they have done quite successfully by and large. The Planning Commission of India realised that a more diversified development in the field of industries is necessary for self-generating growth. Naturally, the Government had to come in a big way to undertake the strategic industries. Public sector had entered into a wide spectrum of products including consumer goods. The image of the public sector has started looking up (Dutt - Sundaram, 1980).

The cotton textile industry represents the single largest enterprise in the organised sector with a weightage of 21 percent in the index of industrial production. Though its paid-up capital is less (6 percent), it provides employment to one million people directly and indirect employment to many millions, like the cotton growers, the processors, handloom and powerloom workers. The cotton textile industry is an excellent medium for generating large employment (Dudeja, 1981).

The Indian cotton textile industry has been facing a number of problems in the last one or two decades. About 60 percent of the total installed capacity is more than 30 years old and another 20 percent is in the weak and marginal units. The impact of this inefficient and outdated plant and machinery has not only impaired the capacity of the industry to compete in the world market but

also has prevented it from supplying adequate cloth at cheaper rates in the domestic market. The profitability has been as low as 6 percent per annum as against 10 percent in other industries (Dudeja 1981).

According to a World Bank Survey, India has reached great standards on the textile front as a whole, but this has not narrowed the gap between the best and the worst mills. So, the Government initiated a policy of taking over the management of sick and closed textile mills. Some were taken over by the National Textile Corporation and some by State Textile Corporation and a few were taken under other laws and schemes. The NTC which was started in October, 1968, is presently having 125 mills and managing 8 other mills. These mills were nationalised in 1974 by an Act of Parliament.

The Government has adopted the following steps as policy measures to assist the progress of NTC :

- i) Provision of employment
- ii) Meeting the public requirements of cloth - Defence, DGS & D requirements, Government Corporations, Police, Border Security Force, Hospitals, etc, thereby giving work to NTC and also ensure regular quality supply of cloth.
- iii) Provision of funds for modernisation from IDBI in the form of soft loans.
- iv) Supply of duty-free Polyester staple Fibre for production of durable fabrics at cheaper prices for the masses - Sulabh Scheme.
- v) In the recent budget, there is a proposal to supply polyester filament yarn at a concessional rate of excise duty - Rs. 10.44 as against Rs. 57.12

*per kg of yarn for general supplies, so that NTC can produce durable and aesthetic fabrics with mass appeal at reasonable prices in comparison with private sector to improve profitability of NTC.*

- vi) Amalgamation of totally unviable units with viable units so that the general profitability improves*

*According to latest available estimates, out of 103 mills, 22 have reported profits in 1980. There are 9 subsidiary corporations under the control of NTC, employing about 2 lakh employees. The industrial sector in general and the textile sector in particular had to suffer from a decadal crisis in the seventies due to many reasons like competition, power cut, heavy taxation and a variety of controls.*

*The problems of the industry in the South are unique. The industry in the South is predominantly a spinning industry and there is no market for 1 year. The mills are losers at both ends, they buy raw cotton at high price and sell yarn at lower prices (Sankaran, 1980).*

*Quantitative studies conducted by Desai on asset utilisation, decadal sales performance and inventory behaviour of the NTC, reveal that there are regional variations. According to NTC sources, all the corporations had to incur loss and the loss is accumulated over these years also.*

*In this context, the current study on the Economic Performance of the subsidiaries of NTC of India is undertaken. The objectives of the study were to:*

- i) assess the regional variations in performance in terms of cost analysis, capital structure, asset utilisation, inventory behaviour, income and profit.*

- ii) *analyse the role of NTC in the development of the textile industry.*
- iii) *examine the relationship between selling and advertisement cost on the sales performance*
- iv) *to assess the liquidity position of the corporations.*

*The study is an attempt to assess the inter-regional performance of the mills under the control of the NTC. The assessment of the variations will help the corporations and the Government to focus their attention towards the proper allocation of resources and achievement of targets in different regions.*

# Review of Literature

## **II. REVIEW OF LITERATURE**

The literature relating to the study on the Economic Performance of the subsidiary corporation of National Textile Corporation of India, is reviewed under the following heads :

1. *History of the National Textile Corporation - NTC;*
2. *Selected indicators of the economic performance of the NTC;*
  - a) *Number of mills in different regions;*
  - b) *Value of production*
  - c) *Profit - loss account and*
  - d) *Progress of NTC (TN & P)*
3. *The New Textile Policy - highlights and features*
4. *Impact of the New Textile Policy on NTC;*
5. *Related studies:*
  - a) *Studies on economic performance*
  - b) *Studies on modernisation*

### **1. History of the National Textile Corporation (NTC News, 1986)**

In 1973, the soaring prices of Cloth affected the consumers on one hand and the workers of the mills on the other. Heavy cash losses were reported by mills at the same time, thereby resulting in the closedown of the mills. Government, therefore decided to nationalise the textile mills in India. In 1974, about 105 textile mills were nationalised under the National Textile Corporation. The objective of NTC had - earlier been to produce and sell controlled cloth in a

significant measure to the consumers. Over the period, the objective has changed and controlled - cloth obligation has been partially shifted to the power loom sector. As a result, the NTC switched over to the blended yarn fabrics. The policy of NTC was not only to produce cloth for the poor section but also to produce for the middle class. But, it being the competitive industry, it could not fetch the price expected. The market under-cut the price and NTC could not improve the quality because of its outdated machinery. So, cost and low quality of the fabric on one hand and the market forces on the other, prohibit it to improve its marketing performance and thereby its profitability.

From a small beginning to manage 16 textile mills, NTC has grown into one of the world's largest textile groups with 125 textile mills under its control in 15 years of time. Of these, 103 mills are nationalised and the management of 22 mills is vested in NTC. NTC is constructed as a conglomerate of 9 subsidiary corporations and a holding company, each with its own Board of Directors. The headquarters of the holding company is at New Delhi and the 9 subsidiary corporations are located at New Delhi, Kanpur, Indore, Bombay (North and South), Ahmedabad, Calcutta, Bangalore and Coimbatore.

The mills under NTC have an installed capacity of about 41 lakh spindle and 60,000 looms. This accounts for 23 percent of the weaving capacity and 18 percent of the spinning capacity of the country's textile industry. NTC provides employment to over 2.5 lakh workers directly and to a similar number indirectly.

The productivity level in spinning has gone up from 52.6 gms to 63.8 gms showing an increase of approximately 21 percent. The cloth production and

the market yarn production have also increased by 18 percent and 43 percent respectively since nationalisation. The production value of NTC mills has been gradually increased from Rs. 276 crores in 1974-75 to 612 crores in 1983-84.

As a result of modernisation, better controls, high testing and Research and Development facilities provided to the mills, improved distribution channels and organised marketing efforts, the average sales realisation per metre of cloth and per kilogram of market yarn has also steadily improved in NTC mills. NTC has been, geared to meet the fabric demands of the Central Government, State Government and public sector units. As against order of Rs. 18.50 crores from this sector in the year 1983, NTC has procured orders worth Rs. 55 crores during the year 1984.

NTC has been making a remarkable progress on the export front. As the international market is highly competitive the success of NTC in this area is testimonial to the improving quality of its fabrics. During the financial year 1982-83, NTC's total exports stood at Rs. 2.8 crores. During the next financial year 1983-84, it increased five-fold and reached an impressive level of Rs. 13.9 crores. The pace of the progress has been much faster in the current financial year. During the period April-December 1984, NTC executed orders totalling Rs. 30.98 crores. It is expected to reach Rs. 36 crores by the end of the financial year 1984-85.

For the year 1984, NTC had an export commitment of 39.5 million metres to USSR. The entire quantity was shipped within the delivery schedule. The performance of NTC mills in so far as exports to USSR is concerned has been better than the performance of the private sector. NTC is getting a foot-

hold in more demanding and sophisticated markets like USA, UK, France, West Germany, Poland, Tanzania, Bangladesh and other EEC countries.

NTC was awarded the Second Highest Award for the export of textiles for the year 1984-85 by the Cotton Textile Export Promotion Council. NTC, whose exports were worth only Rs. 2.73 crores during 1980-81 and Rs. 13 crores in 1983-84, reached an aggregate figure of Rs. 40 crores during the year 1984-85. The three-fold increase in the exports has been possible as a result of the sustained efforts made by NTC in tapping the International Markets of USSR, USA, UK, France, Tanzania, Bangladesh, Hungary, Poland, Saudi Arabia and other EEC countries. For the year 1985-86, NTC has targeted export of Rs. 45 crores. This is particularly relevant in view of the technological obsolescence which the NTC mills are saddled with. Notwithstanding these odds, NTC made very determined efforts to promote exports which alone helps in making this possible. NTC plans to take up exports in a massive way in the coming years. Corporate strategy was planned for ameliorating the export efforts to achieve a level of 10 percent of the total production value. To reach this end, NTC will also require replacement of certain critical items necessary for meeting the quality standards as offered by other competitive countries. NTC has also been working on this and through the assistance of the World Bank, Japan, etc. NTC plans to take up modernisation suited for exports.

Lately, NTC has entered into direct exports and during the year 1985-86 goods worth Rs. 40 lakhs have already been contracted. The repeat orders and direct exports to Saudi Arabia were a testimony to the quality standards which have been reached. These exports have mainly been of Printed Chintz, Sheetings,

Grey Sheetings, Towellings, etc. NTC feels that there is a large scope for increase of export of yarn as a result of the relaxation of the Government in this direction. Another area in which NTC proposes to increase its exports would be in the made-up items like bed-linen, etc.

## 2. Selected Indicators of the Economic Performance of the NTC Subsidiary Corporation

### a) Number of mills in different regions

The mills nationalised under NTC are spread all over India - Appendix - I. The following table gives the regions and number of mills in each region.

**Table 2.1**

#### **Regional Distribution of Mills Controlled by NTC**

Sl.No.	Name of the region	Number of Mills
1.	Madhya Pradesh	8
2.	Tamil Nadu and Pondicherry	14
3.	Uttar Pradesh	11
4.	West Bengal, Assam, Bihar, and Orissa	18
5.	Gujarat	12
6.	Maharashtra (North)	11
7.	Maharashtra (South)	11
8.	Delhi, Punjab and Rajasthan	9
9.	Andhra Pradesh, Karnataka, Kerala and Mahe	15 *
	<b>Total</b>	<b>109</b>

Source : Balance sheets and reports of the NTC subsidiaries, 1985-86

\* Sixteen other mills were taken over by the Government but not yet nationalised under NTC.

It can be noted from Table 2.1 that the regions West Bengal, Assam, Bihar and Orissa has the maximum number of NTC controlled mills, that is, 18. The subsidiary corporations at Andhra Pradesh, Karnataka, Kerala and Mahe follow with 15 mills. Tamil Nadu and Pondicherry with 14 NTC mills is followed by Maharashtra (North and South) and Uttar Pradesh having 11 NTC mills each under its control. Madhya Pradesh has the least number of NTC controlled mills, that is, 8.

b. Value of Production

The following table gives the value of production of the NTC - controlled mills for the year 1985-86.

**Table 2.2**  
**Regionwise details of the value of production of the NTC Mills**  
(Rs. in Lakhs)

Sl.No.	Regions	Value of Production
1.	MP	7432.59
2.	TNP	9885.67
3.	UP	4201.96
4.	WBAB0	4247.39
5.	Guj	8634.93
6.	Mah (N)	10916.01
7.	Mah (S)	13633.49
8.	DPR	4233.63
9.	APKKM	10277.18
	<b>Total</b>	<b>73762.85</b>

Source : The Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

Table 2.2 depicts that the value of production of Maharashtra (South) is the largest, that is, Rs. 13633.49 lakhs. It is followed by Maharashtra (North) with Rs. 10916.01 lakhs as its value of production. The region with the lowest value of production of Rs. 4201.96 lakhs is Uttar Pradesh.

c) Profit - Loss Account

The profit - loss account of the NTC mills in India are given regionwise in the table that is given below :

**Tabel 2.3**  
**Regionwise Profit - Loss details of the NTC Mills**

S.No.	Regions	Loss as given in the Balance Sheet
1.	MP	10195.88
2.	TNP	758.85
3.	UP	7471.62
4.	WBABO	16671.75
5.	Guj	5118.63
6.	Mah (N)	10153.05
7.	Mah (S)	8245.87
8.	DPR	5844.49
9.	APKKM	7433.73

Source : The Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86

From Table 2.3, it can be noted that Tamil Nadu and Pondicherry, region has the lowest accumulated loss during 1985-86. The regions West Bengal, Assam, Bihar and Orissa have incurred maximum loss among all the regions.

d) Progress of NTC Tamil Nadu and Pondicherry

The progress made by the NTC mills in Tamil Nadu and Pondicherry during the ten-year period, 1974 to 1984 is shown in the table given below :

**Table 2.4**  
**Ten years of progress in NTC (TN & P) - 1974 - 84**  
- Selected Indicators -

Sl.No.	Particulars	1974	1984	Percentage increase
1.	Commissioned spindles	3,42,225	4,36,640	78.4
2.	Average Count	48s	52s	92.3
3.	40s Conv. in gms/spindle	59	76	77.6
4.	Yarn production (in lakh kgs)	121	136	88.9
5.	Value of yarn (Rs. in lakhs)	2483	5541	44.8
6.	Commissioned looms	1288	1640	78.5
7.	Cloth production (in lakh mtrs)	158	300	52.7
8.	Value of cloth (Rs. in lakhs)	435	3461	12.6
9.	Avg. labour employed/day	10,491	9446	90.0
10.	Budgeted modernisation (Rs. in lakhs)	578	5235	11.0
11.	Modernisation programme already implemented (Rs. in lakhs)	254	4304	5.9

Source : Handbook of NTC (TNP)

It is clear from the table that the corporation (TNP) is consistently growing in terms of production, employment and capital investment. The growth of modernisation is comparatively less as the process is selective.

### 3. **The New Textile Policy - Highlights and Features**

*In the past few years, the development of the textile industry has been guided by the policy framework announced in March, 1981. While considerable progress has since been achieved in several areas under this policy framework, the objectives of the textile policy outlined in the Textile Policy Statement have not been fully achieved. Thus, the per capita availability for and the per capita consumption of cloth of our growing population still remain at a very low level. There is evidence of an increase in the incidence of sickness, particularly in the organised mill sector, reflected in a large number of closed units. There is a large, unsatisfied demand for synthetic and blended fabrics at cheaper prices which is not being met by indigenous production. The full export potential of textile product remains to be realised.*

*An expert committee on textile industry with the Textile Secretary as its Chairman to review the current situation in the industry and to suggest measures for its proper development in the future was formed. The committee accordingly studied the structure examining the relative role and efficiency of different sectors of the industry, namely, handloom, powerloom and organised mill sector for integrating harmonious development for augmenting production and availability of textiles both for domestic consumption and for exports. The committee also examined the existing industrial licensing, fiscal and trade policies with reference to the textile industry to suggest necessary changes for modernisation and growth of the industry.*

*The main objective of the New Textile Policy announced on June 6, 1985, by the Minister of State for Textile, Mr. Chandra Shekar Singh has been*

therefore to increase the production of cloth of acceptable quality at reasonable prices to meet the clothing requirements of a growing population. Full fibre flexibility as between cotton or man-made fibres or yarn, reduction in fiscal levies, on man-made fibres and removal of curbs on expansion or creation of new capacities by the mill sector are some of the features of the New Textile Policy. (The Textile Magazine, 1985).

### **Highlights**

1. Fully flexibility for the use of man-made fibres and yarn.
2. Removal of curbs on expansion and new capacity in the mill sector including man-made fibres.
3. Undue curbs on powerlooms removed.
4. Structural rigidities in the textile industry removed.
5. Fiscal levies on man-made fibres and yarns and on intermediates to be reduced.
6. Export window to be kept open for man-made fibres and yarn.
7. Controlled cloth production to be increased and the obligation shifted to the handloom sector by the end of the Seventh Plan.
8. Full protection from power looms to the handloom sector
9. Compulsory registration of powerlooms in the country.
10. A contributory thrift fund for handloom weavers to be created.
11. Full potential of the textile industry for exports to be tapped through modernisation and other measures.
12. Unnecessary controls and regulations on the textile industry removed.
13. Production of mixed and blended fabrics on handlooms to be encouraged.

14. Adequate availability of man-made fibres and yarns at reasonable prices, including imports to be ensured.
15. Import of machinery for modernisation on reduced duty
16. Powerlooms put on a par with mills.
17. Less on textile industry
18. Liberal import of raw wool and shoddy.

**Features (Warty, 1985)**

Looking to the text of the New Textile Policy following points appear prominently. The proposed restructuring of the textile industry removes the structural rigidities. Irrelevant or unnecessary controls and regulations on the textile industry are to be reviewed for elimination and particularly for the weaker sections cloth availability at affordable prices in envisaged.

Full potential of the textile industry for exports is expected through modernisation and other measures.

Sickness of the mills due to mismanagement is to be dealt by change in management while economically unviable mills are allowed to be closed down.

The pre-eminent role of cotton as the main fibre has been maintained and remunerative prices to growers are ensured.

With respect to power looms compulsory registration is enforced but at the same time curbs on power looms have been removed. Power looms are put at par with mills in organised sector.

Handloom sector is given full protection from power loom sector. Controlled cloth production which is proposed to be increased is entirely to be shifted to the handloom by the end of the Seventh Plan.

4. **Impact of the New Textile Policy on NTC :**

The Textile Policy Statement declared by the Minister for Textiles and supplies. On June 6, 1985 significantly provides the following benefits to NTC.

1. The inherent structural weakness of the industry in regard to the unhealthy competition between the powerloom and organised mill sector has been eliminated from long term point of view, this will definitely encourage a very healthy competition in terms of realisation.
2. The policy lays down adequate supply of cotton for consumption at stabilised prices. In this respect, the role of Cotton Corporation of India has been predominant. This would avoid uneven price escalation in the raw material cost and enable the mills to show better financial results.
3. Full flexibility has been extended in the use of manmade fibres with a provision to make available quantities at reasonable prices. For this purpose, the fiscal levies on manmade fibres are likely to be progressively reduced in such a manner as to facilitate absorption of increased domestic production with a view to provide benefit to the consumer in the form of lower price of synthetic & blended fabrics. The present varietal imbalance of cotton shall be corrected by mix of policies aimed at encouraging increased use of long and extralong varieties of cotton on the one hand and higher production of short and medium staple varieties on the other.
4. The policy accepts in principle to keep an export window open for man-made fibre. This would encourage exports with a view to earn foreign exchange. The export of textiles which contribute a significant portion of the total foreign exchange earnings will be given continued encouragement. NTC mills are expected to play a dominant role in this sphere.

5. *The responsibility for production of controlled cloth will be gradually shifted to the handloom sector by the end of the Seventh Five Year Plan. NTC mills will, therefore, have to gear up themselves for better product mix with higher quantities for domestic and export markets fetching higher sales realisation.*
6. *The policy lays down selective modernisation for the ultimate viability of the unit. A clearcut distinction shall have to be made between units which are potentially viable and units which are not. Units which are potentially viable shall have a rehabilitation package. In case of units which have no expectation of becoming viable in a reasonable period of time, may have to be closed with the provision of safeguarding the worker's interest. Takeover of the management by the Government or Nationalisation of such units shall not be accepted, as a final solution to this problem.*
7. *NTC's modernisation programme would be supported by strengthening and improving management, raising productivity of labour and improvement of work culture with a view to provide a stabilising influence in improving its capability to face healthy competition in the Textile Industry.*
8. *The existing market and distribution systems of the industry would be reviewed to introduce change wherever necessary in order to evolve a more efficient system which would reduce the costs and would provide both the consumer satisfaction and consumer protection. (NTC News, 1985).*

5. **Related Studies :**

(a) **Studies on Economics Performance of the Mills :**

(i) *Trends in value added by NTC Subsidiaries 1974-84.*

*A study on trends in value added by NTC subsidiaries, during the period 1974-84 was conducted by Desai.*

*The objectives of the study were to :*

- (a) Compute the value added by the NTC subsidiaries during the quinquennium ending on March 31, 1984;*
- (b) highlight the trends in the value added;*
- (c) attempt to identify the possible causes responsible for trends.*

*The required data were collected from the annual reports of the NTC subsidiaries for the period 1974 - 84. To find out the value added, the expenses for brokerage and discount, selling agent's commission, rebate on sales, cash discount paid, expenses on samples, exhibition expenses, forwarding expenses and other expenses are deducted from the production value.*

*The following are the conclusions of the study :*

- (a) the average net value-added by NTC subsidiaries ranges between Rs. 5 to Rs. 28 crores per year;*
- (b) the subsidiaries other than the NTC(TN & P), NTC(MP) and NTC(UP) have shown a downward trend in their net value added during the period under study ;*
- (c) capacity and location scarcely evince any impact on the size and growth of the net value added ;*
- (d) the subsidiaries appear to have generated the net value added in the average range of 18 to 37 paise per rupee of sales; while they have paid wages in the range of 23 to 47 paise, this has been one of the basic reasons for their mounting losses ;*
- (e) it declined in many subsidiaries on amount of sluggish rise in their net sales on the one hand and substantial rise in the value of through puts*

on the other, during the period under study; constant and considerable increases in depreciation have further eroded the net value added almost in all subsidiaries;

- (f) sluggish sales performance is reflected in the amount and trends in sales realisation of both cloth and yarn; except the NTC(TN & P) all subsidiary average sales realisation of cloth arrives at Rs. 4.30 per meter and of yarn at Rs. 21.53 per kg. moreover there has not been any impressive increase in the rates of sales realisation of both yarn and cloth in these subsidiaries;
- (g) subsidiaries recording somewhat higher increase in their net sales like NTC(TN & P) and NTC(DPR) have happened to record relatively higher increase in the value of throughputs as compared to other subsidiaries;
- (h) the net value added per spindle ranges between Rs. 181 to Rs. 426, while the NTC(Guj) tops the list, the NTC(WBABO) remains at the bottom; expansion in spindle age wherever it has taken place, hardly evinces a corresponding rise in the net value added per spindle;
- (i) barring the NTC(TN & P) and NTC(Guj) employee's compensation is higher than the net value added; the deficit between them has also been rising every year; obviously these subsidiaries could not pay to the claims of the lenders and Government out of their net value added which ultimately resulted in mounting losses.

(ii) **Trends in Asset Utilisation of NTC :**

A study was conducted on trends in asset utilisation by Desai.

The study was an attempt to :

- (a) focus light upon degree and trends in utilisation of assets;
- (b) compare asset utilisation profiles of various subsidiaries, during the period 1979-80 to 1983-84 Asset turnover, gross block turnover. Current assets turnover, current assets to gross block were some of the ratios worked out to find out the asset utilisation of the mills.

The following were the findings of the study :

- (a) additional doses of investment in fixed assets have yet to reflect its impact on improving the value of production in most of the subsidiaries;
- (b) the value of production during the quinquennium increased at a rate higher than the rate of increase in current assets in most of the subsidiaries
- (c) the increase in the gross working capital has hardly been in consonance with the increase in the gross block, in the NTC subsidiaries.

(iii) **Management of Inventory in NTC Subsidiaries :**

A study was conducted by Desai on the Management of Inventory in NTC subsidiaries.

This study seeks to throw light upon the behaviour of investment in inventory among the NTC subsidiaries during the quinquennium ending on March 31, 1983. How far their behaviour observed consistency over the period and comparable with other companies in the textile industry have analysed in the study.

The analysis of behaviour of investment in inventory as well as its relationship with other financial variables was carried out by working out the index numbers and certain ratios such as :

- (a) Inventory to current assets.
- (b) Length of period for which inventory was held.
- (c) Inventory to sales.
- (d) Bank finance to inventory.

The findings of the study are given as follows :

- (a) There was a perceptible increase in the accumulation of inventory in the year 1981-82 which may be either due to comfortable position of cash and other resources or due to sluggishness in the operations of the subsidiaries. The NTC(TN & P) had built up heavy inventory among all the subsidiaries since it recorded the highest quinquennial average with respect to various components, namely, raw materials, work in progress, stores and spares and finished goods. The NTC(Guj) was another subsidiary which had also accumulated considerable size of inventory. However, its major accumulation was in respect of finished goods and stores and spares. As against these, the NTC(UP) had shown an uncomfortable diminution in its inventory. Not only its finished goods but also the raw materials had come down to a great extent in the period of 5 years. This may be due to paucity of funds for working capital.
- (b) Interperiod changes and intersubsidiary deviations in the index numbers were too sharp to conceive.

- (c) *The percentage of inventory to current assets in the NTC subsidiaries have gone upward during the period under review. The average percentage of inventory to current assets for the period of 5 years was as much as 52.89 per cent with the marginal deviation.*
- (d) *Inspite of the problem of paucity of working funds, the percentage of banking finance to inventory had been quite sluggish while other companies in the textile industry could raise as much as 55 percent of inventory NTC could hardly raise to an extent of 23 percent during the period under review.*
- (e) *Although there had been the tendency of dimunition in the inventions, as a consequence of nonavailability of cash resources, the percentage of inventory with respect to sales, too did not indicate any discernible change. The quinquennial average of the inventory as a percentage of sales was about 37.49 percent. The inter subsidiary depreciations barring the exception of NTC(WBABO) are not much remarkable. In the year 197879, this ratio was about 40.84 percent which declined in 1979-80 to 33.35 percent.*
- (iv) **Decadal Trends in Sales by NTC Subsidiaries :**

*A study on Decadal Trends in sales by NTC subsidiaries was conducted by Desai.*

*This study attempts to highlight the trends in sales of the NTC subsidiaries over the decade ending 1984-85 A sample of 27 textile mills were selected at random. The relevant data of the respective mills were collected from the Bombay Stock Exchange and annual reports of the NTC subsidiaries. The following indications were employed for analysing the trends in sales performance from several angles.*

- (a) Sales Revenue Index
- (b) Sales Quantity Index
- (c) Average Sales Realisation
- (d) Sales Capital Employed Ratio.

*This study brings home the facts that :*

- (a) *the increase in sales revenue during the decade under review of the NTC as a whole was lower than that of the private textile mills;*
- (b) *the sales quantity of cloth and yarn increased merely by 0.08 and 2.89 percent during the period of ten years.*
- (c) *the four subsidiaries namely, NTC(SM), NTC(MN), NTC(MP) and NTC(WBABO) controlling about 62.78 percent of the total loomage have recorded the negative growth in sales quantity of cloth;*
- (d) *the three subsidiaries namely, NTC(Guj), NTC(MP) and NTC(WBABO) have recorded the negative growth rates in sales quantity of yarn;*
- (e) *the average sales realisation for the NTC as a whole for the period under review was about Rs. 4.13 per meter of cloth and Rs. 21.04 per kg. of yarn; there were only three subsidiaries namely, NTC(TN & P), NTC(Guj) and NTC(APKKM), the sales realisation per metre of cloth in respect of which had been higher than the aforesaid average, in the case of yarn realisation the NTC(TN & P), NTC(APKKM), NTC(SM) and NTC(MN) had the average yarn sales realisation higher than the aforesaid average;*
- (f) *the sales revenue in average was 1.63 times of the capital employed in the NTC subsidiaries while it was about 5.08 times in the sample private mills which speaks of the efficiency of capital employed.*

(v) **Economic Performance of Textile Mills Managed by ENTYCE :**

A study was conducted by Jaya and Jolly on the Economic performance of textile mills managed by Entyce (TN & P).

The specific objectives of the study were to :

- (a) assess the economic performance of the mills managed by Entyce in terms of production, capacity utilisation, productivity, factor inputs employed and profitability;
- (b) find out the growth in the value of production, capital and labour employed;
- (c) estimate the production function;
- (d) assess the role of NTC in the development of the textile sector.

The major findings and conclusions that emerged from the analysis were :

- (a) The ratio of working capital and fixed capital was transformed from 25:75 in 1974 to 55:45 in 198283.
  - (b) The spinning utilisation was higher than the weaving utilisation. The percentage of spinning utilisation has varied between 50 to 80 percent during 197483.
  - (c) The ratio of NTC loans and loans provided by other institutions has been 40:60.
  - (d) The ratio of production of yarn and cloth was 16:84 in 197475 which was getting narrowed and during 198283 it became 67:33.
-

(vi) **Method for Performance Evaluation of a Textile Mill :**

A study was conducted by Natarajan, Mittal and Selvanathan on the method for performance evaluation of textile mill.

Managing a textile mill, nowadays, has become increasingly difficult due to the complexities and peculiarities of the textile industry. Added to the various internal factors, external factors like rapid cyclical fluctuations and posing lot of management problems that are difficult to overcome. Under such conditions, the top management's tasks are to be centred around both controlling & monitoring the functioning of important variables that influence the performance of the mill. This becomes all the more important for the top management like NTC which runs number of mills situated in various parts of the country.

The study attempted to identify the key variables that affected the level of performance and construct a common numerical index that could reveal the performance of a mill. The suggested method is not a substitute for the only available performance indicator that is, profits rather the method brought out a broad based composite performance indicator that would incorporate not only the level of profit but all the key variables that influenced the profit.

In this study, an index with 100 points was constructed taking into consideration 20 important parameters. The important of the parameter and its weightage in reflecting the performance of the mill was identified through statistical analysis.

The constructed index was used to find out the performance of Entyce Mills and the findings are :

- (a) Construction of index based on differential weightage was more meaningful.
- (b) The mills were ranked based on their level of marks obtained.
- (c) The rank/level of marks obtained significantly reflected the overall performance of the mill.
- (d) It was possible with the proposed index to make inter and intra mill comparisons.
- (e) Identification of departments causing improvement or falls in the performance of mills was also possible.

(b) **Studies on Modernisation :**

(i) **Effects of Modernisation on Textile Mill :**

A study was conducted on the effects of modernisation on a textile mill by Peter.

The study was undertaken to find out the impact of modernisation in terms of :

- (a) Increase in productivity
- (b) Reduction in waste
- (c) Improvement in the quality of the finished product.
- (d) Reduction in the labour employed
- (e) Improved sales realisation of the finished product.

Based on the above objectives a survey of existing buildings and machinery, in the case of Coimbatore Murugan Mills was taken to see which are the areas and departments that need modernisation. It is now a matter of the technological needs of the mills with the availability of financial resources either internal or borrowed.

After comparing the productivity levels before and after modernisation, it was observed in the study that productivity showed an increasing trend. Labour employed reduced per 1000 spindles.

(ii) A similar study, that is, effects of modernisation on a textile mill, was conducted by Subramaniam with the same objectives.

The findings of the study are as given below :

- (a) The average production/spindle shift in gms has increased considerably when compared to the period prior to modernisation. But for the year 1979-80 and 1981-82 in all the other years the mills had achieved the projected value.
- (b) There is a steady increase in the average production/loom shift in sq. mts. and the mills will achieve the projected value in the near future.
- (c) There is a considerable increase in the loom efficiency when compared to the period prior to modernisation. The loom efficiency was finally steady, but for the year 1982 - 83, during which period, due to power cut the efficiency came down.
- (d) Average yarn realisation must be improved though the difference between the projected and achieved is narrow, the mills must improve its yarn realisation considerably.

- (e) *The idle spindle percentage is very high having an indirect impact on low utilisation and hence low production. The idle spindle percentage must be decreased to a very great extent.*
- (f) *Similarly, idle loom percentage is also very high. This must also be curtailed*
- (g) *Average yarn production/day in kgs is much more than what was prevailing earlier but has to go a long way to reach the projected value.*
- (h) *Similarly, average cloth products per day in metres has also improved a lot when compared with the period prior to modernisation.*
- (i) *Average sales realisation of market yarn had made a steady increase and has even crossed the value projected in the programme.*
- (j) *Same is the observation regarding the average sales realisation of cloth.*
- (k) *Average value of cloth has increased when compared with the figure prevailing prior to modernisation, but because of low production, the mill is unable to achieve the projected value.*
- (l) *But for the year 1981 - 82 the mill had been making profits consistently But it has to improve a lot to achieve the projected value.*

## Methodology

### III. METHODOLOGY

The methodology adopted in the study on the economic performance of the Subsidiary Corporations of the National Textile corporation of India is described under the following heads :

1. Selection of the area;
2. Selection of the unit;
3. Sources of data, and
4. Tools of analysis.

#### 1. **Selection of the Area :**

For over four decades, the textile industry has been subjected to various controls impeding its development and progress. The controls extended to all activities of textile operations, right from the purchase of raw materials to the marketing of the finished product. The industry had repeatedly pointed out that most of the control had become obsolete and needed to be scrapped.

The cotton textile industry is once again in the grip of a deep crisis. For a short period after the announcement of the New Textile Policy, it showed signs of recovery, but again its fortunes are on the decline, mainly due to cost escalation resulting from abnormal price rise of raw material, continuous increase in the dearness allowance, high cost of other inputs like power, fuel, etc., on the one hand and persistence of sluggish demand on the other. Hence, the textile industry was selected to make an in-depth study of the problems faced by the industry and also to find out certain possible causes which are responsible for the present status of the textile mills in India.

## 2. **Selection of the Unit :**

The unit selected for the study the National Textile Corporation of India. This corporation was set up in 1974 to assist the sick textile mills by nationalising them and bring them under the control of the Government and thus, save the mills from sinking. The NTC has nine subsidiary corporations under its control and are spread all over India. The NTC has 125 mills under its control. These mills have an installed capacity of about 41 lakh spindles and 60,000 looms. This accounts for 23 per cent of the weaving capacity and 18 percent of the spinning capacity of the country's textile industry. NTC provides employment to over 2.5 lakh workers directly and a similar number indirectly. Being a public sector undertaking, the main objective of the NTC is the provision of controlled cloth to the people at reasonable prices. Hence, the NTC did not have the profit motive aspect backing its activities. Since, it is a public sector company, there is absence of competition and competitive prices. It is therefore noted that most of the NTC subsidiary corporations have not been able to reap profit continuously. Therefore, to identify the causes for the accumulation of loss, the inter regional analysis of the corporations is carried out.

## 3. **Sources of Data :**

The sources of data are secondary, collected from the balance sheets and annual reports of the nine subsidiary corporations of NTC for the year 1985-86. The other data sources are textile journals, handbooks on NTC, SITRA annual reports, published and unpublished research reports of SITRA and SIMA.

#### 4. Tools of Analysis :

Balance sheet details were consolidated and tabulated and relevant percentages and ratios were worked out. To analyse the relationship between output and cost. A cubic cost function was used. This function is of the form :

$$TC = a + by + cy^2 + dy^3 ;$$

where ;

TC = total cost of production;

y = value of production (cloth and yarn)

a, b, c, d = are constants.

The related constraints of the standard error of the estimate,  $R^2$  coefficient of determination and t value were also computed.

To find out the relationship between the selling cost and sales, a simple regression line was used. This is of the form :

$$S = a + bC ;$$

where S = Values of sales (cloth and yarn)

C = selling cost, and

a, b = are constants.

The ratios worked out to assess the economic, commercial and operational feasibility of the mills are given below :

##### 1. Economic and Operational Efficiency Indices :

$$(a) \text{ Capital output ratio} = \frac{\text{Fixed capital}}{\text{Value of production}}$$

- b) *Capital Co-efficient* = *Value of production/Fixed capital*
- c) *Working Capital Co-efficient* = *Value of production/Working capital*
- d) *Gross rate of return* = *Value of production/Gross expenditure*
- e) *Return to operational cost* = *Value of production/Manufacturing expenses*

2. *Asset Utilisation Ratios* \*

- a) *Gross block turnover* = *Value of production/Gross block*
- b) *Current Asset turnover* = *Value of production/Current assets*
- c) *Ratio of current assets to gross block* = *Current assets/Gross block*

3. *Ratios of Inventory Behaviour* \*

- a) *Inventory/Current assets*
- b) *Inventory/Sales*
- c) *Inventory/Bank finance*

4. *Commerical Viability Ratios*

- a) *Sales/Capital*
- b) *Sales/Total cost*
- c) *Sales/Distribution cost*

5. *Financial Stability*

- a) *Solvency ratio* = *Current assets/Current liabilities*
- b) *Liquidity ratio* = *Reserves and surplus/Current liabilities*

\* Adopted from the studies conducted by Desai - NTC Staff Training College, Coimbatore.

## Results and Discussion

#### IV. RESULTS AND DISCUSSIONS

The results of the analysis of the Economic Performance of the subsidiary corporations of NTC are discussed and presented under the following heads :

1. General information;
2. Analysis of the sources of funds and the application of funds;
3. Cost analysis;
4. Sources of finance;
5. Production analysis and sales performance;
6. Inventory analysis;
7. Income and profit/loss analysis;
8. The role of NTC in the development of the textile sector;
9. The impact of advertisement and publicity in the sales performance and;
10. Efficiency indices

##### 1. **General Information**

In 1974 about 104 mills were nationalised. The objectives of the NTC had earlier been to produce and sell controlled-cloth but this controlled-cloth obligation has been partly shifted to the powerloom sector. As a result, the NTC switched over to the blended yarn fabrics. From a small beginning to manage 16 mills, NTC has grown into one of the worlds major textile group with 125 mills under its control. The mills under NTC have an installed capacity of 23 percent of weaving and 18 percent of spinning of the country's textile industry. It provides employment to over 2.5 lakh workers. It is structured as a conglomerate of nine subsidiaries and a holding company and the number of mills under each corporation is given in Appendix - I.

## 2. Sources of Funds

This aspect is extremely important, for wrong selection of a source of finance may bring the mills to a squeeze. The funds are raised from the issue of debentures and shares and borrowings from institutions like IDBI and IJC. The details of the sources of funds of the subsidiaries are tabulated below :

[Tables (4.1) and (4.2)]

**Table 4.1**  
**Regional Corporationwise Percentage to Total Funds**  
(Rs. in Lakhs)

S.No.	Regions	Total Funds	Percentage to Total Funds
1.	MP	14461.79	11.5
2.	TNP	8086.38	6.4
3.	UP	10369.74	8.2
4.	WBABO	21729.02	17.3
5.	Guj	9842.12	7.8
6.	Mah (N)	17186.62	13.7
7.	Mah (S)	20057.72	16.0
8.	DPR	9485.72	7.5
9.	APKKM	14603.03	11.6
	<b>Total</b>	<b>125822.37</b>	<b>100</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86

Table 4.2

## Regional Corporationwise Details of Sources of Funds

(Rs. in Lakhs)

Sl.No.	Regions	Share Capital	Reserves and Surplus	Loan Funds		Total Funds
				Secured Loans	Unsecured Loans	
1.	MP	2566.87 (17.8)	- (-)	2448.92 (16.9)	9446.18 (65.3)	14461.97
2.	TNP	1648.47 (20.4)	753.99 (9.3)	3090.35 (38.2)	2593.57 (32.1)	8086.38
3.	UP	1629.15 (15.7)	97.67 (0.9)	1124.77 (10.9)	7518.15 (72.5)	10369.74
4.	WBABO	4064.32 (18.7)	315.75 (1.5)	1443.74 (6.6)	15905.21 (73.2)	21729.02
5.	Guj	1734.63 (17.6)	559.19 (5.7)	3128.37 (31.8)	4419.93 (44.9)	9842.12
6.	Mah (N)	4583.72 (26.6)	101.02 (0.6)	1991.80 (11.6)	10510.08 (61.2)	17186.62
7.	Mah (S)	3415.07 (17.0)	779.40 (3.9)	3914.17 (19.5)	11949.08 (59.6)	20057.72
8.	DPR	2650.56 (27.9)	242.11 (2.6)	1027.36 (10.8)	5565.69 (58.7)	9485.72
9.	APKKM	3195.70 (21.8)	740.59 (5.1)	3531.11 (24.2)	7135.68 (48.9)	14603.08
	<b>Total</b>	<b>25488.49</b> <b>(20.3)</b>	<b>3589.72</b> <b>(2.8)</b>	<b>21700.59</b> <b>(17.3)</b>	<b>75043.59</b> <b>(59.6)</b>	<b>125822.37</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86. The figures in the parenthesis indicate the percentages to total.

It is clear from the Table that the availability of funds is more for the region Mah (N & S) as more mills are concentrated in this region. The WBABO subsidiary also has more funds because the states West Bengal, Bihar and Orissa are under the control of this regional Corporation. The funds raised through issue of shares are comparatively lower ranging between 15 to 30 percent. The corporations depend on unsecured loans and the average percentage of unsecured loans is 59.6.

The funds raised by the Corporations are used to create fixed assets and also to meet the working capital requirements of the corporations. The details of asset values are presented in Table (4.3) and (4.4).

**Table 4.3**  
**Regional Corporationwise to Total Assets**  
(Rs. in Lakhs)

Sl.No.	Regions	Total Asset Value	Percentage to Total
1.	MP	3392.89	8.9
2.	TNP	6044.10	15.9
3.	UP	2248.31	6.0
4.	WBABO	3759.72	9.9
5.	Guj	3892.86	10.2
6.	Mah (N)	5008.49	13.1
7.	Mah (S)	5329.25	13.9
8.	DPR	2835.01	7.4
9.	APKKM	5617.80	14.7
	<b>Total</b>	<b>38128.43</b>	<b>100</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

**Table 4.4**  
**Regional Corporationwise Asset Details**

(Rs. in Lakhs)

Sl.No.	Regions	Gross Block	Capital Work-in Progress	Total Asset Value
1.	MP	3183.19 (93.8)	209.70 (6.2)	3392.89
2.	TNP	5961.22 (98.6)	82.88 (1.4)	6044.10
3.	UP	2162.60 (96.2)	85.71 (3.8)	2248.31
4.	WBABO	3447.77 (91.7)	311.95 (8.3)	3759.72
5.	Guj	3870.65 (99.4)	22.21 (0.6)	3892.86
6.	Mah (N)	4835.20 (96.5)	173.29 (3.5)	5008.49
7.	Mah (S)	5280.42 (99.1)	48.83 (0.9)	5329.25
8.	DPR	2705.05 (95.4)	129.96 (4.6)	2835.01
9.	APKKM	5447.03 (97.0)	170.77 (3.0)	5617.80
	<b>Total</b>	<b>36893.13</b> <b>(96.8)</b>	<b>1235.30</b> <b>(3.2)</b>	<b>38128.43</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.  
The figures in parenthesis indicate the percentages to total.

The analysis of Tables (4.3) and (4.4) reveal the following facts :

1. Out of the total asset value which includes the value of gross block and capital work-in progress, the gross block value accounts for a higher percentage with more than 90 percent.
2. Regarding the shares of the corporations towards the total asset value, the corporation, TNP has the highest share with 16 percent followed by APKKM with 15 percent. It is to be noted that the number of mills under the control of TNP is comparatively less (11).
3. Since the NTC is a public sector undertaking the capital work-in progress is slow.

Details of the capital structure and the fixed capital are given in Tables (4.5) and (4.6).

**Table 4.5**  
**Regional Corporationwise Percentage to Total Capital**

Sl.No.	Regions	Total Capital	Percentage to Total
1.	MP	3635.55	5.7
2.	TNP	7181.68	11.2
3.	UP	2655.92	4.1
4.	WBABO	4486.50	7.0
5.	Guj	12201.31	19.1
6.	Mah (N)	5190.20	8.1
7.	Mah (S)	10580.78	16.5
8.	DPR	11033.09	17.2
9.	APKKM	7068.95	11.0
	<b>Total</b>	<b>64033.98</b>	<b>100</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

Table 4.7

## Regional Corporationwise Details of Fixed Capital Components

(Rs. in Lakhs)

Sl.No.	Regions	Land	Buildings	Plant and Machinery	Office Equipment	Furniture & Fittings	Others	Gross Block
1.	MP	0.78 (0.2)	172.01 (5.4)	2871.79 (90.2)	10.93 (0.3)	25.29 (0.7)	102.39 (3.2)	3183.19
2.	TNP	21.58 (0.4)	770.35 (12.9)	4900.09 (82.2)	41.44 (0.7)	52.27 (0.9)	175.49 (2.9)	5961.22
3.	UP	116.96 (5.4)	159.63 (7.4)	1783.33 (82.5)	11.38 (0.5)	15.69 (0.7)	75.61 (3.5)	2162.60
4.	WBABO	41.44 (1.2)	230.79 (6.7)	3107.44 (90.1)	- (-)	54.88 (1.6)	13.22 (0.4)	3447.77
5.	Guj	36.53 (1.0)	326.19 (8.4)	3424.25 (88.5)	78.57 (2.0)	- (-)	5.11 (0.1)	3870.65
6.	Mah (N)	447.97 (9.3)	255.90 (5.3)	3888.93 (80.40)	26.42 (0.6)	31.16 (0.6)	184.82 (3.8)	4835.20
7.	Mah (S)	13.00 (0.2)	309.80 (5.9)	4581.63 (86.8)	115.51 (2.2)	36.17 (0.7)	224.31 (4.2)	5280.42
8.	DPR	107.03 (4.0)	282.55 (10.4)	2198.46 (81.3)	26.96 (1.0)	28.08 (1.0)	61.97 (2.3)	2705.05
9.	APKKM	34.43 (0.6)	666.20 (12.2)	4592.39 (84.3)	51.26 (1.0)	77.44 (1.4)	25.31 (0.5)	5447.03
	<b>Total</b>	<b>819.72</b> <b>(2.2)</b>	<b>3173.42</b> <b>(8.6)</b>	<b>31348.31</b> <b>(85.0)</b>	<b>363.47</b> <b>(1.0)</b>	<b>320.98</b> <b>(0.8)</b>	<b>868.23</b> <b>(2.4)</b>	<b>36893.13</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86. The figures in parentheses indicate the percentage to total.

From the table it is evident that the percentage of Plant and Machinery of all the corporations ranges between 80 to 90, of which the corporations MP and WBABO have a high percentage of 90. In case of land, the corporation Mah (N) constitutes a high percentage of 9.3 percent followed by the corporation UP with 5.4 percent. Regarding buildings, TNP leads the list among all corporations with 13 percent followed closely by APKKM with 12 percent. So, it is clear that the textile section is highly capital intensive in nature.

Depreciation for capital is a heavy burden both on the cash flow of the corporations and also on the production performance. Despite the repairs and maintenance expenses, the mills had to allot a moderate percentage as capital consumption allowance. The percentage of capital consumption allowance to the gross block, values are given in Table 4.8.

**Table 4.8**  
**Regional Corporationwise Details of Capital Consumption Allowance**  
(Rs. in Lakhs)

Sl.No.	Regions	Gross Block	Depreciation	Percentage of Depreciation to Gross Block
1.	MP	3183.19	1207.76	37.9
2.	TNP	5961.22	1977.11	33.2
3.	UP	2162.60	821.31	40.0
4.	WBABO	3447.77	1204.52	34.9
5.	Guj	3870.65	1595.78	41.2
6.	Mah (N)	4835.20	1479.17	30.6
7.	Mah (S)	5280.42	1934.02	36.6
8.	DPR	2705.05	963.45	35.6
9.	APKKM	5447.03	2001.37	36.7
	<b>Total</b>	<b>36893.13</b>	<b>13184.49</b>	<b>Average percentage 35.7</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

*It is clear from the table that the average capital consumption allowance is 35.7 percent and this will be reflected in the asset utilisation and capital productivity.*

### **3. Cost Analysis**

*Profitability of an industry is dependent upon the allocation of expenses towards various processes and operations. Cost analysis facilitates profit determination and selection of input-output relationship. In the textile industry the utilisation of men, materials and machinery, scope for cost reduction and realisation of optimal level of production are possible only if a proper cost accounting system is designed.*

*The total costs of production consists of fixed costs and variable costs. The fixed costs include the manufacturing expenses and the administrative expenses which do not normally vary with the level of output, while the variable costs include the raw material cost, distribution and selling costs and wages and salaries of workers. The investment allowance and development related allowance are not included in the cost of production.*

*The costs incurred for the purchase of raw materials, manufacturing, administrative, selling and distribution expenses and wages and remuneration to workers and employees of the corporations are presented in Table 4.9.*

Table 4.9

## Regional Corporationwise Detail of Total Cost

(Rs. in Lakhs)

Sl.No.	Regions	Manufacturing Costs	Administrative Costs	Distribution and selling Costs	Raw material consumption	Wages and Remuneration	Total Cost
1.	MP	1960.63 (25.1)	141.51 (1.8)	133.09 (1.7)	2684.18 (34.4)	2881.49 (37.0)	7801.20
2.	TNP	2004.25 (22.4)	241.64 (2.7)	177.77 (2.0)	4452.63 (49.9)	2055.66 (23.0)	8931.95
3.	UP	919.37 (18.3)	118.67 (2.4)	66.35 (1.3)	1946.74 (38.8)	1971.95 (39.2)	5023.08
4.	WBABO	943.08 (16.0)	150.75 (2.5)	22.96 (0.4)	1878.39 (31.8)	2913.42 (49.3)	5908.60
5.	Guj	3148.96 (32.0)	194.05 (1.9)	79.63 (0.8)	2948.14 (30.0)	3481.76 (35.3)	9852.54
6.	Mah (N)	2837.35 (24.1)	242.06 (2.1)	201.15 (1.7)	4407.08 (37.4)	4081.67 (34.7)	11769.31
7.	Mah (S)	3560.05 (26.4)	433.01 (3.2)	79.76 (0.6)	5253.95 (39.0)	4149.70 (30.8)	13476.47
8.	DPR	786.38 (16.5)	150.02 (3.2)	65.69 (1.4)	2442.17 (51.3)	1316.72 (27.6)	4760.98
9.	APKKM	2221.16 (21.3)	260.38 (2.5)	234.40 (2.3)	4407.25 (42.3)	3298.52 (31.6)	10421.71
	<b>Total</b>	<b>18381.53</b> <b>(23.6)</b>	<b>1932.09</b> <b>(2.5)</b>	<b>1060.80</b> <b>(1.4)</b>	<b>30420.53</b> <b>(39.0)</b>	<b>26150.89</b> <b>(33.5)</b>	<b>77945.84</b>

45

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86. The figures in parentheses indicate percentage to total.

The analysis of Table (4.9) reveals the following facts :

1. There is no such variation in the administrative and selling expenses.
2. The wage cost percentage is high in the region WBABO due to the strength of the trade union and the prevailing political situation. This is low in TNP.
3. The manufacturing cost trend is also consistent as there is a National Price Policy for power and fuel.
4. Regarding the raw material cost TNP and DPR are on the higher side. This may be due to the easy availability of raw materials at competitive prices.

To assess the behaviour of cost with respect to the variations in the output level, a cubic function is used. The function is given by :

$$C = a + by + cy^2 + dy^3;$$

where,  $C$  = total cost of production;

$y$  = value of production (cloth and yarn)

$a, b, c, d$  are constants.

The estimated function is;

$$C = 2874.62 + 3093.106 \times 10^{-4}y + 6613.12 \times 10^{-8} - 2319 \times 10^{-12}y^3$$

$$\text{Co-efficient of determination} = R^2 = 0.95$$

$$t \text{ value} = 11.635 \text{ (highly significant)}$$

By differentiating the above function the marginal cost function is obtained.

$$MC = 3093.106 \times 10^{-4} + 13226.24 \times 10^{-8}y - 6957 \times 10^{-12}y^2$$

The estimated total cost and marginal cost are given in the table (4.9a). This is also graphically illustrated in figures (I) and (II).

**Table 4.9a**  
**Estimated Total Cost and Marginal Cost - Regionwise**  
 (Rs. in Lakhs)

Sl.No.	Region	y	TC	MC
1.	MP	7432.59	7874.579	0.9080345
2.	TNP	9885.611	10154.36	0.9369303
3.	UP	4201.96	5169.897	0.7422359
4.	WBABO	4247.39	5203.691	0.7455811
5.	Guj	8634.93	8983.08	0.9326593
6.	Mah (N)	10916.01	11114.31	0.9240973
7.	Mah (S)	13633.49	13506.10	0.8193975
8.	DPR	4533.63	5420.042	0.7659466
9.	APKKM	10277.18	10520.65	0.9337938

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

#### 4. Sources of Finance

The financial requirements are mostly met by loans from NTC and other financial institutions. The details relating to this aspect are presented in the following Table (4.10)

FIG - I  
TOTAL COST TREND OF THE NTC SUBSIDIARIES.

Scale:

X axis - 1cm = Rs.1000 Lakhs.

Y axis - 1cm = Rs.1000.

$$C = 2874.62 + 3093.106 \times 10^{-4} y + 6613.12 \times 10^{-8} y^2 - 2319 \times 10^{-12} y^3$$

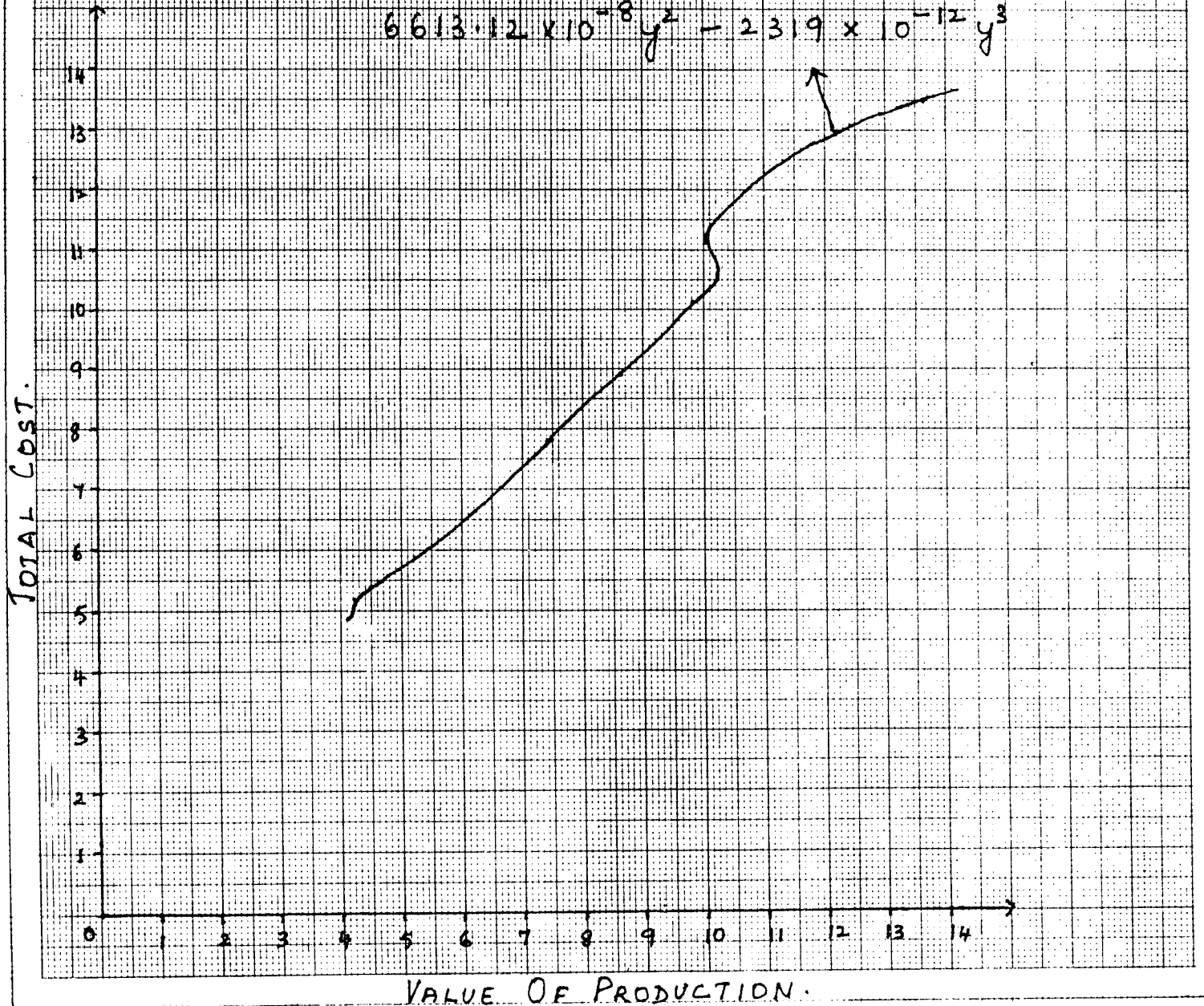
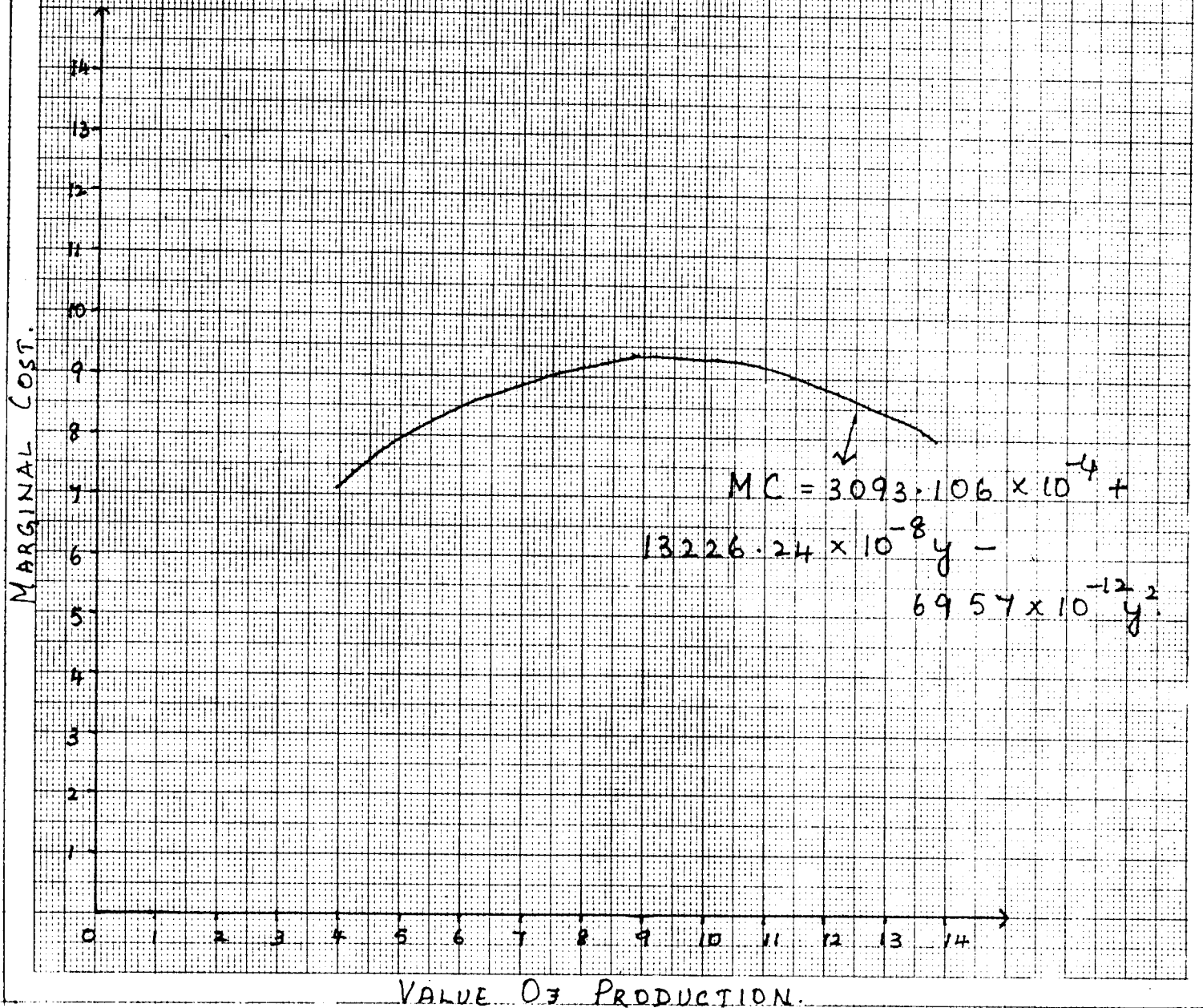


FIG - II  
MARGINAL COST TREND OF THE NTC SUBSIDIARIES.

Scale:

X axis - 1cm = Rs. 1000 lakhs.

Y axis - 1cm = Rs. 1000.



**Table 4.10**

**Regional Corporationwise Details of Loans**  
(Rs. in Lakhs)

Sl.No.	Regions	Secured Loans		Unsecured Loans		Total cost	Percentage of total loans to total funds
		Loans from NTC	Loans from other institutions	Loans from NTC	Loans from other institutions		
1.	MP	-	2448.92	9446.18	-	1185.10	82.3
2.	TNP	-	3090.35	2551.34	42.23	5683.92	70.1
3.	UP	-	1124.77	7366.57	151.58	8642.92	83.4
4.	WBABO	-	1443.74	15233.54	671.67	17348.95	79.8
5.	Guj	-	3128.37	4118.58	301.35	7548.30	76.7
6.	Mah (N)	-	1991.80	9067.54	1442.54	12501.88	72.7
7.	Mah (S)	-	3914.17	10877.86	-	14792.03	73.8
8.	DPR	-	1027.36	5449.71	-	6477.07	68.3
9.	APKKM	-	3531.11	7071.82	63.86	10666.79	73.1
	<b>Total</b>		<b>21700.59</b>	<b>71183.14</b>	<b>2673.23</b>	<b>95556.96</b>	<b>Avg. % age 68.2</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

*The textile mills should pay adequate attention to both the quality and quantity of finances. The composition of loan finances has a vital influence on profits that would be available to the mills. It is evident from the table that 40 to 50 percent of the loans are from the NTC in the form of unsecured loans. This is due to the fact that only the sick units are assisted by the NTC. The remaining 50 percent of the loans are provided by IDBI, commercial banks and other nationalised banks. On the whole, 68.2 percent of the financial requirements are met by the borrowings from NTC and other financial institutions.*

*The details of interest due on the various loans are given in Table (4.11).*

Table 4.11

Regional Corporationwise Details of Interest Payments Due on Loans

(Rs. in Lakhs)

Sl.No.	Regions	Interest due on secured loans	Interest due on unsecured loans	Total Interest	Percentage of Total Interest to Total Cost
1.	MP	23.51	310.06	333.57	4.3
2.	TNP	33.83	27.26	61.09	0.3
3.	UP	28.63	66.15	94.78	1.9
4.	WBABO	33.04	488.86	521.90	8.8
5.	Guj	36.08	28.38	64.46	0.7
6.	Mah (N)	69.30	1267.54	1336.84	11.4
7.	Mah (S)	108.07	1071.22	1179.29	8.8
8.	DPR	6.76	115.98	122.74	2.6
9.	APKKM	37.74	113.00	106.39	1.0
					<b>Avg. %age 4.42</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

*It is clear from the Table that the average percentage of interest to total expenses is 4.4 and this is low at 3 percent for TNP followed by Guj. and high at 11.8 percent for the region Mah (N). The interest payment is generally low, as 40 percent of the loans are provided by the NTC.*

#### **5. *Production and Sales Performance***

*Inter-regional comparison studies on the production and sales performance of the mills enable the individual units to assess the technical, economic, operational and commercial efficiencies. The time-series analysis of the production and sales also explain the occurrence of boom as well as depression. The products of the mills are mainly concentrated in cloth and yarn. The details of the production of cloth and yarn, in terms of value and quantity are presented in Table (4.12).*

Table 4.12

## Regional Corporationwise Details of the Production of Cloth and Yarn

Sl.No.	Regions	Cloth		Yarn	
		Quantity (Mtrs)	Value (Rs. in Lakhs)	Quantity (kg)	Value (Rs. in Lakhs)
1.	MP	1148.51 (15.2)	6657.55 (13.7)	12.66 (1.6)	300.06 (1.4)
2.	TNP	246.69 (3.3)	3547.63 (7.3)	166.14 (21.2)	6725.09 (30.9)
3.	UP	384.41 (5.1)	2433.55 (5.0)	67.16 (8.6)	1425.11 (6.6)
4.	WBABO	380.38 (5.0)	2247.09 (4.6)	109.39 (13.9)	2791.94 (13.0)
5.	Guj	1321.55 (17.5)	8045.19 (16.5)	6.37 (0.9)	158.89 (0.7)
6.	Mah (N)	1636.18 (21.6)	9745.52 (20.0)	107.56 (13.8)	2889.58 (13.3)
7.	Mah (S)	1538.01 (20.3)	10591.84 (21.7)	71.84 (9.2)	2022.32 (9.3)
8.	DPR	261.37 (3.4)	508.66 (1.0)	92.90 (11.9)	95.41 (0.4)
9.	APKKM	651.88 (8.6)	4976.74 (10.2)	148.07 (18.9)	5289.31 (24.4)
	<b>Total</b>	<b>7568.98</b>	<b>48753.77</b>	<b>781.99</b>	<b>21697.71</b>

Sources : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86. The figures in parentheses indicate the percentage to total.

*It is evident from the Table that the Mah (N & S) and Guj Corporations contribute more towards the total production of the corporations of cloth in terms of value and quantity as these regions have more weaving and composite mills. Regarding yarn, the corporation TNP contributes more both in terms of value and quantity and this may be due to the concentration of spinning mills in this region.*

*The sales details are given in the following Table (4.13).*

The following points emerge from the comparative sales analysis of the corporations :

1. The sale of cloth is comparatively more in Guj. and Mah (N & S) regions than the sale of yarn. The cloth market in these regions are well-developed and have adequate infra-structural facilities.
2. The yarn sales performance in the corporation TNP is comparatively significant. This is the only region which has a minimum loss in the reference year.

The details of value of production of cloth and yarn and their sales value are presented in Table (4.14) and (4.15).

**Table 4.14**  
**Regional Corporationwise Details of Production Values of Cloth & Yarn**  
 (Rs. in Lakhs)

Sl.No.	Regions	Production Value of cloth	Production Value of yarn	Total Production value
1.	MP	6657.55 (95.7)	300.06 (4.3)	6957.61
2.	TNP	3541.63 (34.5)	6725.09 (65.5)	10272.72
3.	UP	2433.55 (63.1)	1425.11 (36.9)	3858.66
4.	WBABO	2247.09 (44.6)	2791.94 (55.4)	5039.03
5.	Guj.	8045.19 (98.1)	158.89 (1.9)	8204.08
6.	Mah (N)	9745.52 (77.1)	2889.58 (22.9)	12635.10
7.	Mah (S)	10591.84 (84.0)	2022.32 (16.0)	12614.16
8.	DPR	508.66 (84.2)	95.41 (15.8)	604.07
9.	APKKM	4976.74 (48.5)	5289.31 (51.5)	10266.05
	<b>Total</b>	<b>48753.77</b> <b>(69.2)</b>	<b>21697.71</b> <b>(30.8)</b>	<b>70451.48</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.  
 The figures in parentheses indicate the percentage to total.

**Table 4.15**  
**Regional Corporationwise Details of Sales Value of Cloth & Yarn**  
(Rs. in Lakhs)

Sl.No.	Regions	Sales Value of cloth	Sales Value of yarn	Total Sales value
1.	MP	6734.03 (95.8)	289.64 (4.2)	6823.67
2.	TNP	3671.74 (38.6)	5852.78 (61.4)	9524.52
3.	UP	2603.85 (66.1)	1332.81 (33.9)	3936.66
4.	WBABO	1925.14 (51.1)	1838.92 (48.9)	3764.06
5.	Guj.	7461.08 (98.1)	147.17 (1.9)	7608.25
6.	Mah (N)	8638.55 (89.5)	1013.88 (10.5)	9652.43
7.	Mah (S)	10726.96 (84.5)	1975.81 (15.5)	12702.77
8.	DPR	2236.36 (48.0)	2422.00 (52.0)	4658.36
9.	APKKM	4535.40 (47.4)	5025.33 (52.6)	9560.73
	<b>Total</b>	<b>48333.11</b> <b>(70.8)</b>	<b>19898.34</b> <b>(29.2)</b>	<b>68231.45</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86

The figures in parentheses indicate the percentage to total.

The Tables show that the production of cloth in Mah (N & S), MP and Guj. is more and yarn production registered a higher percentage in TNP. The same trend is observed in sales also. In spite of good sales and production performances of cloth and yarn, all the corporations had to incur loss due to causes like labour problems, disturbed working conditions, fluctuations in raw material prices and high cost of production.

#### 6. **Inventory Analysis**

The inventory of the mills includes stores and spares, raw materials, finished products and semi-finished products. The level of inventory generally reflects the managerial efficiency of the mills. It has its economic significance also as the cost of storage and obsolescence cost will certainly affect the total cost of production. If there are excessive inventories the cost of production as well as the profitability of the organisation will be adversely affected. Hence, efficient inventory management which implies the right amount of stock at the right place and time can lead to releasing the capital resource and conserving the resources. The Inventory details are given in Table (4.16).

**Table 4.16**  
**Regional Corporationwise Details of Inventories**

(Rs. in Lakhs)

Sl.No.	Regions	Stores and Spares	Raw Materials	Finished Stock	Work-in Progress	Others	Total Inventories
1.	MP	229.45 (11.1)	253.91 (12.2)	493.62 (23.8)	1078.38 (52.1)	16.31 (0.8)	2071.67
2.	TNP	229.69 (7.5)	783.61 (25.5)	1173.81 (38.3)	840.56 (27.4)	40.44 (1.3)	3068.11
3.	UP	198.66 (9.7)	569.09 (28.0)	833.18 (40.8)	431.13 (21.1)	8.41 (0.4)	2040.47
4.	WBABO	201.40 (9.4)	448.59 (20.8)	1244.44 (57.8)	216.40 (10.1)	40.77 (1.9)	2151.60
5.	Guj.	246.22 (6.9)	653.01 (18.2)	1353.24 (37.7)	1325.16 (36.9)	13.45 (0.3)	3591.08
6.	Mah (N)	180.37 (4.6)	423.74 (11.0)	1983.19 (50.9)	1290.14 (0.4)	15.47	3892.91
7.	Mah (S)	171.77 (4.4)	697.60 (17.7)	964.53 (24.5)	2096.41 (53.2)	11.08 (0.2)	3941.39
8.	DPR	164.79 (8.3)	731.50 (37.3)	866.66 (44.2)	190.37 (9.7)	9.01 (0.5)	1962.33
9.	APKKM	341.93 (9.8)	847.60 (24.3)	1787.52 (51.3)	483.28 (14.0)	21.56 (0.6)	3481.89
	<b>Total</b>	<b>1964.28</b> (7.5)	<b>5408.65</b> (20.6)	<b>10700.19</b> (40.8)	<b>7951.83</b> (33.4)	<b>176.50</b> (0.7)	<b>26201.45</b>

Sources : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

The figures in parentheses indicate the percentage to total.

*From the table, it is seen that out of total inventories, the percentage of finished stock is more followed by raw materials. The high cost of production of the mills is due to the stock of finished products and there is great scope for cost reduction through reductions of finished products.*

#### **7. *Income and Profit/Loss Analysis***

*The profit and loss accounts in the balance sheets of the corporations show that they had to incur loss during the reference year. NTC is a public sector undertaking managing and assisting the sick mills only. Hence, profit is not the motive of the corporations.*

*The details of income of the corporations are presented in Table (4.17).*

**Table 4.17**  
**Regional Corporationwise Details of the Earnings**  
*(Rs. in Lakhs)*

Sl.No.	Regions	Income from Sales	Interest plus other income	Total Income
1.	MP	6958.88 (92.3)	579.17 (7.7)	7538.05
2.	TNP	9680.47 (96.1)	397.29 (3.9)	10077.76
3.	UP	3989.29 (93.1)	294.64 (6.9)	4283.93
4.	WBABO	3816.43 (89.6)	442.32 (10.4)	4258.75
5.	Guj.	7775.02 (88.2)	1039.97 (11.8)	8814.99
6.	Mah (N)	9750.27 (88.0)	1324.57 (12.0)	11074.84
7.	Mah (S)	12855.55 (91.9)	1126.40 (8.1)	13981.95
8.	DPR	4576.13 (99.5)	24.17 (0.5)	4600.30
9.	APKKM	9657.86 (92.7)	759.54 (7.3)	10417.40
	<b>Total</b>	<b>69059.90</b> <b>(92.0)</b>	<b>5988.07</b> <b>(8.0)</b>	<b>75047.97</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86  
The figures in parentheses indicate the percentage to total.

The gross income of the Corporations includes income from sale of cloth and yarn and income from processing charges, interest on Government securities and from sale of assets. It is clear from the Table that 92 percent of the income is earned through the sale of cloth and yarn. Income from other sources accounts for about 8 percent only. The inter-corporation comparison shows that the other income constitutes 12 percent for Mah (N) which is comparatively higher than the incomes of other corporations.

The profit and loss details as given in the balance sheets of the subsidiaries are given in Table (4.18).

**Table 4.18**  
**Regional Corporations Details of Loss**

(Rs. in Lakhs)			
Sl.No.	Regions	Loss as given in the balance sheets	Percentage to total loss
1.	MP	10195.88	14.2
2.	TNP	758.85	1.1
3.	UP	7471.62	10.4
4.	WBABO	16671.75	23.2
5.	Guj.	5118.63	7.1
6.	Mah (N)	10153.05	14.1
7.	Mah (S)	8245.87	11.5
8.	DPR	5844.49	8.1
9.	APKKM	7433.73	10.3
	<b>Total</b>	<b>71893.87</b>	<b>100</b>

Source : Balance Sheets and Annual Reports of the NTC subsidiaries, 1985-86.

*NTC being a public sector company is not a profit-oriented one. The balance sheet details given in the Table show the accumulated loss of the corporations. Of the total loss, the corporations WBABO and Mah (N & S) have accumulated maximum losses with 23 and 25 percentages respectively. The corporation TNP is the only region with minimum loss of 1.1 percent.*

**8. *The role of NTC in the development of the textile sector***

*The working capital of the mills, the modernisation process and the fixed capital requirements are mostly financed by loan funds. Out of the total sources of funds available, NTC loans contribute 70 to 80 percent. Hence, to assess the impact of NTC loans on the working of the mills under its control, the ratios of loan per unit sale, loan per unit production, loan per unit capital and loan per unit cost are worked out. These ratios are presented in Table (4.19).*

**Table 4.19**

**The Indices of NTC Loan Utilisation - Regionwise**

(Rs. in Lakhs)

Sl.No.	Regions	Loans from NTC	Loan per unit sale	Loan per unit production	Loan per unit capital	Loan per unit cost
1.	MP	9446.18	1.3574	1.2709	2.7841	1.2108
2.	TNP	2551.34	0.2635	0.2580	0.4221	0.2856
3.	UP	7366.57	1.8465	1.7531	3.2764	1.4665
4.	WBABO	15529.07	4.0690	3.6561	4.1303	2.2628
5.	Guj.	4118.58	0.5318	0.4769	1.0579	0.4180
6.	Mah (N)	9067.54	0.9299	0.8306	1.8104	0.7704
7.	Mah (S)	11949.08	0.9294	0.8764	2.2421	0.8866
8.	DPR	5565.69	1.2162	1.2276	1.9631	1.1690
9.	APKKM	7071.82	0.7322	0.6881	1.2588	0.6785

Sources : Computed from the Balance sheet details and Annual Reports of the NTC subsidiaries, 1985-86.

*It is evident from the Table that the loan availability is adequate for the Corporation WBABO, but the high values of the ratios show that the funds are not effectively utilised in this region.*

*Though the loan amounts are less for the Corporations TNP and Guj. the ratios have lower values indicating the better utilisation of the loan funds.*

*In general, the contribution of NTC in assisting the sick textile units is significant as it is revealed from the values of the ratios particularly in relation to cost and capital requirements.*

**9. The impact of advertisement and publicity on the sales performance**

*Selling and advertisement cost has to play a major role in marketing the product of any business unit, more so in textile industry as it functions in the competitive market. The following Table (4.20) gives the selling cost and value of sales (cloth and yarn) of the NTC Corporations.*

Table 4.20

**Regional Corporationwise Details of the Selling Cost and Values of Sales**  
(Rs. in Lakhs)

Sl.No.	Regions	Selling Cost	Value of Sales
1.	MP	1.31 (1.4)	6958.88 (10.1)
2.	TNP	29.79 (30.8)	9680.47 (14.0)
3.	UP	8.48 (8.8)	3989.29 (5.8)
4.	WBABO	1.39 (1.4)	3816.43 (5.5)
5.	Guj.	2.54 (2.6)	7743.93 (11.2)
6.	Mah (N)	19.06 (19.7)	9750.27 (14.1)
7.	Mah (S)	7.84 (8.1)	12855.55 (18.6)
8.	DPR	7.40 (7.7)	4576.13 (6.6)
9.	APKKM	18.90 (19.5)	9657.86 (14.0)
	<b>Total</b>	<b>96.71</b>	<b>69028.81</b>

Source : Computed from the Balance Sheets details and Annual Reports of the NTC subsidiaries, 1985-86,

The figures in parentheses indicate the percentage to total.

To examine the relationship between the selling cost and value of sales, a simple regression line was used. It is of the form :

$$Y = a + bX + e_i ;$$

where,  $y$  = value of sales;

$X$  = selling expenses;

$a, b$  are constant.

The estimated equation is given as :

$$y = 60.2262 + 153.2948 X$$

$$R^2 = 0.48$$

$$t \text{ value} = 78.4 \text{ (highly significant)}$$

It is evident from the equation that the sales of the corporations are significantly influenced by the expenses towards advertisement and publicity. Only 48 percent of this variations are explained by the selling cost but its impact on sales is highly significant.

#### 10. **Efficiency Indices**

For the successful monitoring of an industrial unit it is essential to make an appraisal of the productivity, the efficiency with which resources are converted into goods. Productivity indices have been accepted not only as measures of performance but also an important means of motivating improvements in productive efficiency as a whole. Their use in the analysis of factors that promote productivity and in the analysis of dynamic relationships as a basis for forecasting trends and making policy decisions are well - recognised. Productivity

and performance and affected by material inputs, technology, labour and commercial conditions.

The efficiency of resources of the various Corporations are discussed as below :

- a) *Economic and Operational feasibility*
- b) *Asset utilisation*
- c) *Inventory management*
- d) *Commercial viability and*
- e) *Financial stability*

a) **The Economic and Operational feasibility indices :**

The feasibility indices (Gross rate of return, capital productivity and capital-output ratio) are presented in Table (4.21).

Table 4.21

## Productivity Co-efficients - Regionwise

(Rs. in Lakhs)

Sl.No.	Regions	Capital-output Ratio	Capital Co-efficient (wrt TC)	Capital Co-efficient (wrt WC)	Gross Rate of Return	Operational Efficiency Index
1.	MP	0.4564	2.1906	4.4771	0.9662	3.7903
2.	TNP	0.6114	1.6355	3.0916	1.1282	4.9323
3.	UP	0.5350	1.8689	3.1963	0.8528	4.5704
4.	WBABO	0.8851	1.1297	2.4519	0.7207	4.5037
5.	Guj.	0.4508	2.2181	3.7128	0.8946	2.7421
6.	Mah (N)	0.4588	2.1795	5.9516	0.9409	3.8472
7.	Mah (S)	0.3908	2.5582	1.8845	1.0375	3.8295
8.	DPR	0.6253	1.5991	2.8439	0.9682	5.7651
9.	APKKM	0.5466	1.8293	2.9829	0.9995	4.6269
	<b>Average</b>	<b>0.5511</b>	<b>1.9121</b>	<b>3.3991</b>	<b>0.9451</b>	<b>4.2897</b>

Sources : Computed from the Balance Sheet details and Annual reports of the NTC subsidiaries, 1985-86.

*It is evident from the Table that the mills under the control of the NTC subsidiary Corporations have economic and operational feasibility. Though the mills are aiming at profit-making with effective utilisation of resources (judged from the indices), the efforts of the mills are for their survival in the textile sector. The economic performance is also judged from the gross rate of return. It is better measure of economic performance than profitability because the mills were nationalised to meet the public consumption requirement of cloth and create employment opportunities.*

**b) Asset Utilisation**

*The asset utilisation is an accepted measure of the application of funds. To assess the asset utilisation profiles of the Corporations, the gross block turnover, current assets turnover, ratio of current assets to gross block are used. These details are given in Table 4.22.*

**Table 4.22**

**Asset Utilisation Ratios - Regionwise**

(Rs. in Lakhs)

Sl.No.	Regions	Gross Block Turnover	Current Asset Turnover	Ratio of current Asset to Gross Block
1.	MP	2.3349	2.0041	1.1650
2.	TNP	1.6583	1.8782	0.8829
3.	UP	1.9430	1.1602	1.6746
4.	WBABO	1.2319	1.0346	1.1906
5.	Guj.	2.2308	1.8181	1.2270
6.	Mah (N)	2.2576	1.7312	1.3039
7.	Mah (S)	2.5818	1.2957	1.9925
8.	DPR	1.6759	1.4106	1.1880
9.	APKKM	1.8867	1.8038	1.0459
	<b>Average</b>	<b>1.9778</b>	<b>1.5707</b>	<b>1.2967</b>

Source : Computed from the balance sheet details and Annual reports of the NTC subsidiaries, 1985-86.

*The higher values of ratios indicate that the current assets are moderately used in the production process. The asset resources are yet to reflect their impact on the turnover in all the subsidiaries.*

c) ***Inventory Management***

*The inventory management in terms of ratios like inventory to current assets, inventory to sales and inventory to bank finance are given in Table (4.23).*

Table 4.23

## Ratios Relating to Inventories - Regionwise

(Rs. in Lakhs)

Sl.No.	Regions	Ratio of Inventory to current assets	Ratio of Inventory to sales	Ratio of Inventory to bank finance
1.	MP	0.5586	0.2977	2.1191
2.	TNP	0.5829	0.3169	2.8038
3.	UP	0.5634	0.5114	4.6096
4.	WBABO	0.5241	0.5637	2.9167
5.	Guj.	0.7561	0.4637	4.5954
6.	Mah (N)	0.6174	0.3992	3.2708
7.	Mah (S)	0.3746	0.3065	2.07004
8.	DPR	0.6106	0.4288	2.1069
9.	APKKM	0.6111	0.3605	2.0863
	<b>Average</b>	<b>0.5776</b>	<b>0.4053</b>	<b>2.9531</b>

Source : Computed from the balance sheet details and Annual Reports of the NTC subsidiaries, 1985-86.

*Inventory accumulation is unavoidable particularly in public sector enterprises. In the textile sector, the presence of perfect competition makes the inventory accumulation occur. The inter-corporation analysis of inventory ratios reveals that inventory accounts for about 50 percent of current assets and 40 percent of the sales which is not a good sign. The bank finances are wasted due to the accumulation of inventories.*

**d) Commercial Viability**

*The commercial viability of the mills may be judged by the sales performance in terms of sales - capital ratio, sales-cost ratio and sales-distribution cost ratio. These ratios are presented in Table (4.24).*

**Table 4.24****Commercial Viability Ratios - Regionwise**

Sl.No.	Regions	Ratio of Sales to capital	Ratio of Sales to total cost	Ratio of Sales to distribution cost
1.	MP	2.0510	0.8920	52.2870
2.	TNP	1.6016	1.0838	54.4550
3.	UP	1.7743	0.7941	60.1249
4.	WBABO	1.0150	0.6459	166.2208
5.	Guj.	1.9892	0.7859	97.2489
6.	Mah (N)	1.9467	0.8284	48.4726
7.	Mah (S)	2.4122	0.9539	161.1799
8.	DPR	1.6141	0.9611	69.6625
9.	APKKM	1.7191	0.9267	41.2024
	<b>Average</b>	<b>1.7915</b>	<b>0.8746</b>	<b>83.428</b>

Source : Computed from the balance sheet details and annual reports of the NTC subsidiaries, 1985-86.

*The sales ratios of the Corporations show that there is perfect commercial viability for the mills. There is no much variation in the sales performance of the regions as it is reflected from the sales - related ratios.*

e) **Financial Stability**

*The liquidity and financial stability of the mills can be judged from the liquidity and solvency indicés. The details of this aspect are presented in Table (4.25).*

**Table 4.25**  
**Liquidity and Solvency Ratios - Regionwise**

Sl.No	Regions	Solvency Ratio	Liquidity Ratio
1.	MP	2.2279	-
2.	TNP	2.6265	0.3762
3.	UP	1.6724	0.1877
4.	WBABO	2.4413	0.1877
5.	Guj.	2.0131	0.2370
6.	Mah (N)	2.0305	0.0325
7.	Mah (S)	5.1553	0.3818
8.	DPR	2.2421	0.1689
9.	APKKM	2.6612	0.3459
	<b>Average</b>	<b>2.5633</b>	<b>0.1972</b>

Source : Computed from the balance sheet details and annual reports of the NTC subsidiaries, 1985-86.

The percentage of current liabilities to current assets is an index of the solvency of the mills and the percentage of reserves and surplus to current liabilities is an index of the capacity of the mills to meet the current financial obligations. It is clear from the Table that all the corporations are financially sound and they will not become insolvent particularly Mah (N & S). The mills are cautious about their current obligations as it is revealed from the cash and surplus reserves set apart by the Corporations.

The summary of the findings of the analysis and the conclusion are presented in the subsequent Chapter on summary and conclusion.

## Summary and Conclusion

## V. SUMMARY AND CONCLUSIONS

The study on the Economic Performance of the subsidiary Corporations of the NTC of India was an attempt to find out the performance of the textile mills under the control of NTC in general and the causes for poor performance in particular. The data collected from the balance sheets of the Corporations was analysed in terms of percentages, ratios and regression lines and the following findings were emerged from the analysis.

### 1. Sources of funds and application of funds

The funds raised by the subsidiaries through shares were comparatively low ranging between 15 to 30 percent.

The Corporations had to depend on unsecured loans particularly from NTC and the average percentage of unsecured loans was 59.7.

The gross block value, constituted a high proportion with 90 percent of the total asset value.

The Corporation TN & P shared the highest percentage in the total asset of NTC, that is, 16 percent.

Gujarat region contributed the highest percentage in the total capital employed of NTC with 19 percent.

The contribution of working capital to total capital is high in the case of Maharashtra (S) with 68 percent.

Capital intensity of the textile mills was revealed with a high percentage of plant and machinery of all the Corporations, towards fixed capital, it ranged between 80 to 90 percent. Of all the Corporations, MP and WBABO had a high percentage with 90 percent in the fixed capital.

The average capital consumption allowance was 38.7 percent.

## 2. **Cost Analysis**

The manufacturing cost trend was consistent among all the Corporations.

There was no much variation in the administrative selling expenses.

The wage cost percentage was high in WBABO with 39.27 percent and low in TN & P with 23 percent.

The raw material cost of DPR and TN & P was on the higher side with 51.3 and 50 percentages respectively.

The estimated cost function was :

$$C = 2874.62 + 0.30931 \times 10^{-4} + 6613.12 \times 10^{-8} y^2 - 2319 \times 10^{-12} y^3$$

$$MC = 3093.106 \times 10^{-4} + 13226.24 \times 10^{-8} y - 6957 \times 10^{-12} y^2$$

## 3. **The Cost Functions confirmed to the Theory of Cost**

About 40 to 50 percent of the loans were from the NTC in the form of unsecured loans.

On the whole, 68.2 percent of the financial requirements were met by borrowings from NTC and other financial institutions.

The average percentage of interest due on loans to total expenses was 4.4 percent of the total expenses of NTC.

#### 4. **Production Analysis**

The contribution of Maharashtra and Gujarat regions towards the total production of the Corporations of cloth was high in terms of value and quantity. The percentages of quantity and value of cloth in Maharashtra and Gujarat were 21, 11.4 and 17.5, 16.5, respectively.

Towards the production of yarn, the contribution of TN & P was high both in terms of value and quantity. The quantity of yarn produced was 21.2 percent and that of its value was 31 percent to total production.

The proportion of sale of cloth to total sales has comparatively more in Gujarat and Maharashtra with 16 and 16.7 percentages respectively.

The yarn sales performance of TN & P was more significant.

#### 5. **Inventory Analysis**

Out of total inventory stock, the percentage of finished stock was more followed by the raw materials. Finished stock constituted an average percentage of 41 percent and raw materials with 21.6 percent of the total inventories.

#### 6. **Income - Profit Analysis**

92 percent of the income was earned through sale of yarn and cloth. Income from other sources accounted for about 7.6 percent only.

Of the total loss, the regions WBABO and Maharashtra had an accumulated loss of 23 and 25 percent respectively in the total loss of NTC.

TN & P is the only region with minimum loss of 1.1 percent in the total loss.

#### 7. **Role of NTC in the development of the textile industry**

The utilisation of NTC loans was poor in WBABO region and better in TN & P and Gujarat regions.

NTC had significantly played a role in assisting the sick mills.

#### 8. **Role of advertisement and publicity in the sales performance**

The sales of the Corporations were significantly influenced by the expenses on advertisement and publicity (from the estimated regression line).

#### 9. **Efficiency indices**

The mills under the control of the NTC subsidiary corporations had operational and economic feasibility, (from feasibility indices).

The inter-corporation analysis of inventory ratios revealed that inventory accounted for about 50 percent of the current assets and 40 percent of the sales which is not a welcome sign.

*The financial and liquidity positions of the mills are sound and stable (from liquidity and solvency indices).*

#### **Areas of further research**

1. *The causes for underutilisation and the impact of capacity utilisation on production and cost of NTC mills.*
2. *The investment decision and the causes for slow modernisation process.*
3. *A comparative study of NTC mills and private sector mills.*
4. *The employment structure and welfare measures of the NTC mills and a comparison with the private sector mills.*

#### **CONCLUSION**

*The cotton textile industry under the control of NTC of India had failed itself in tune with the technological progress all over the world. Consequently, the cost of production is high and the quality is unsatisfactory. So, a large scale modernisation programme seems to be imperative for survival. In view of the large backlog of and limited resources, it is pertinent to carryout a phased programme with smaller investments and upgrade the quality and quantity with lower cost.*

## Reference

## REFERENCES

### Books

1. *Indian Economic Development*  
- Dutt and Sundaram, 1980
2. *Indian Economy*  
- Sankaran, 1980
3. *Management of Textile Industry*  
- Textile Trade Press, 1981

### Reports

1. *National Textile Corporation (Madhya Pradesh)*  
12th Annual Report, 1985-86
2. *12th Annual Report, 1985-86*  
*National Textile Corporation (Tamilnadu and Pondicherry) Limited*
3. *12th Annual Report, 1985-86*  
*National Textile Corporation (Uttar Pradesh) Limited*
4. *National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited*  
12th Annual Report, 1985-86
5. *National Textile Corporation (Gujarat) Limited*  
12th Annual Accounts, 1985-86
6. *National Textile Corporation (Maharashtra North) Limited*  
12th Annual Accounts, 1985-86
7. *National Textile Corporation (South Maharashtra) Limited*  
12th Annual Report, 1985-86

8. *12th Annual Report, 1985-86*  
*National Textile Corporation (Delhi, Punjab and Rajasthan) Limited*
9. *12th Annual Report, 1985-86*  
*National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited*

### **Research Reports**

1. *Decadal trends in sales by NTC subsidiaries, 1986.*
2. *Economic performance of textile mills managed by Entyce.*
3. *Effects of modernisation on a textile mill, 1979.*
4. *Effects of modernisation on a textile mill, 1984.*
5. *Management of inventory in NTC subsidiaries, 1983.*
6. *Method for performance evaluation of a textile mill, 1982.*
7. *Trends in value-added by NTC subsidiaries, 1984*
8. *Trends in asset utilisation of NTC subsidiaries, 1984.*

### **Journals :**

1. *Indian Cotton Mills Federation, June, 1987*
2. *Indian Cotton Mills Federations, August, 1987*
3. *NTC News, 1985*
4. *NTC News, 1986*
5. *The Indian Textile Journal, 1985*
6. *The textile Magazine, 1985*

**Handbooks**

1. *Handbook on NTC*
2. *Handbook on NTC (Tamilnadu and Pondicherry)*

**APPENDIX - I**

The names of the NTC - controlled mills under each Corporation are given in this Appendix.

**Madhya Pradesh**

1. Indore Malwa United Mills, Indore
2. Kalyanmal Mills, Indore
3. Swadeshi Cotton and Flour Mills, Indore
4. Hira Mills, Ujjain
5. New Bhopal Textile Mills, Bhopal
6. Burhanpur Tapti Mills, Burhanpur
7. Bengal Nagpur Cotton Mills, Rajnandgaon
8. Marketing Division, Indore

**Tamilnadu and Pondicherry**

1. Coimbatore Spinning and Weaving Mills, Coimbatore
2. Balaramvarma Textile Mills, Shencottah
3. Om Parashakthi Mills, Coimbatore
4. Krishnaveni Textile Mills, Coimbatore
5. Sri Bharathi Mills, Pondicherry
6. Coimbatore Murugan Mills, Coimbatore
7. Pankaja Mills, Coimbatore
8. Retail Marketing Division, Coimbatore
9. Somasundaram Mills, Coimbatore.

10. *Pioneer Spinners, Kamudakudi*
11. *Kaleeswarar Mill 'B' Unit, Kalaiyarkoil*
12. *Cambodia Mills, Coimbatore*
13. *Sri Rangavilas Ginning, Spinning and Weaving Mills, Coimbatore*
14. *Kaleeswarar Mills 'A' Unit, Coimbatore*

#### **Uttar Pradesh**

1. *Muir Mills, Kanpur*
2. *New Victoria Mills, Kanpur*
3. *Lord Krishna Textile Mills, Saharanpur*
4. *Bijli Cotton Mills, Hathras*
5. *Shri Vikram Cotton Mills, Lucknow*
6. *Laxmi Rattan Cotton Mills, Kanpur*
6. *Atherton Mills, Kanpur*
8. *Swadeshi Cotton Mills, Kanpur*
9. *Swadeshi Cotton Mills, Naini, Allahabad*
10. *Swadeshi Cotton Mills, Maunath Bhanjan*
11. *Raibareli Textile Mills, Raibareli*

#### **West Bengal, Assam, Bihar and Orissa**

1. *Arati Cotton Mills, Howrah (West Bengal)*
2. *Associated Industries, Pragjyotishpur (A)*
3. *Bengal Luxmi Cotton Mills, Hooghly (West Bengal)*
4. *Bengal Textile Mills, Murshidabad (West Bengal)*
5. *Bengal Fine Spinning and Weaving Mills No.1, Hooghly (West Bengal)*
6. *Bengal Fine Spinning and Weaving Mills, No.2, Nadia (West Bengal)*

7. *Bangasri Cotton Mills, 24, Pargana\$ N (West Bengal)*
8. *Bihar Co-operative Weaver's Spinning Mills, Mokameh (B)*
9. *Central Cotton Mills, Howrah (West Bengal)*
10. *Gaya Cotton and Jute Mills, Gaya (B)*
11. *Jyoti Weaving Factory, Calcutta, (West Bengal)*
12. *Kanoria Industries, Hooghly (West Bengal)*
13. *Luxmi Narayan Cotton Mills, Hooghly (West Bengal)*
14. *Manindra Mills, Murshidabad (West Bengal)*
15. *Rampooria Cotton Mills, Hooghly (West Bengal)*
16. *Shree Mahalaxmi Cotton Mills, 24, Parganas N (West Bengal)*
17. *Sodepur Cotton Mills, 24, Parganas N (West Bengal)*
18. *Orissa Cotton Mills, Cuttack (Orissa)*

### **Gujarat**

1. *Ahmedabad Jupiter Textile Mills, Ahmedabad*
2. *Ahmedabad New Textile Mills, Ahmedabad*
3. *Himadri Textile Mills, Ahmedabad*
4. *Jehangir Textile Mills, Ahmedabad*
5. *New Manek Chowk Textile Mills, Ahmedabad*
6. *Rajnagar Textile Mills No.1 and 2, Ahmedabad*
7. *Mahalaxmi Textile Mills, Bhavnagar*
8. *Petlad Textile Mills, Petlad*
9. *Rajkot Textile Mills, Rajkot*
10. *Viramgam Textile Mills, Viramgam*
11. *Central Laboratory, Ahmedabad*
12. *Marketing Division, Ahmedabad*

**Maharashtra (North)**

1. *India United Mills No.1, Bombay*
2. *India United Mills No.2, Bombay*
3. *India United Mills No.3, Bombay*
4. *India United Mills No.4, Bombay*
5. *India United Mills No.5, Bombay*
6. *India United Mills - Dyework, Bombay*
7. *Model Mills, Nagpur*
8. *Savatram Ramprasad Mills, Akola*
9. *R.S.R.G. Mohta Spinning and Weaving Mills, Akola*
10. *RBBA Spinning Mills and Weaving Mills, Hinganghat*
11. *Vidarbha Mills, Berar*

**Maharashtra (South)**

1. *Apollo Textile Mills, Bombay*
2. *Bharat Textile Mills, Bombay*
3. *Digvijay Textile Mills, Bombay*
4. *Jupiter Textile Mills, Bombay*
5. *Mumbai Textile Mills, Bombay*
6. *New Hind Textile Mills, Bombay*
7. *Aurangabad Textile Mills, Aurangabad*
8. *Barshi Textile Mills, Barshi*
9. *Chalisgaon Textile Mills, Chalisgaon*
10. *Dhule Textile Mills, Dhule*
11. *Nanded Textile Mills, Nanded*

**Delhi, Punjab and Rajasthan**

1. Ajudhia Textile Mills, Azadpur (Delhi)
2. Dayalbagh Spinning and Weaving Mills, Amritsar (Punjab)
3. Suraj Textile Mills, Malout Mandi (Punjab)
4. Panipet Woolen Mills, Ropar (Punjab)
5. Kharar Textile Mills, Ropar (Punjab)
6. Edward Mills, Beawar (Punjab)
7. Mahalakshmi Mills, Beawar (Punjab)
8. Shree Bijay Cotton Mills, Bijaynagar (Rajasthan)
9. Udaipur Cotton Mills, Udaipur (Rajasthan)

**Andhra Pradesh, Karnataka, Kerala and Mahe :**

1. Minerva Mills, Bangalore (Karnataka)
2. Mysore Spinning and Manufacturing Mills, Bangalore (Karnataka)
3. Sree Yallamma Cotton, Wollen and Silk Mills, Davangere (Karnataka)
4. Adoni Cotton Mills, Adone (Andra Pradesh)
5. Nataraj Spinning and Weaving Mills, Nirmal (Andra Pradesh)
7. Netha Spinning Mills, Secundrabad (Andra Pradesh)
8. Anantpur Cotton Mills, Tadpatri (Andra Pradesh)
9. Azam Jahi Mills, Warangal (Andra Pradesh)
10. Alagappa Textiles (Cochin) Mills, Alagappanagar (Kerala)
11. Cannannore Spinning and Weaving Mills, Cannannore (Kerala)
12. Parvathi Mills, Quilon (Kerala)
13. Keral Lakshmi Mills, Trichur (Kerala)
14. Vijaymohini Mills, Trivandrum (Kerala)
15. Cannannore Spinning and Weaving Mills, Mahe
16. Marketing Division, Bangalore (Karnataka)
17. Marketing Division, Hyderabad (Andra Pradesh)