सत्यमेव जयते

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

UNION GOVERNMENT
No. 10 (COMMERCIAL) OF 1991

NATIONAL TEXTILE CORPORATION
(Andhra Pradesh, Karnataka, Kerala & Mahe) Ltd.

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TABLE OF CONTENTS

PREFACE

This report was finalised by an Audit Board consisting of the following members :-

Shri A.C. Tiwari	Deputy Comptroller and Auditor General (Comml.)-cum-Chairman, Audit Board from 1st May 1990 to 7th June 1991.
Shri P.K. Sarkar	Deputy Comptroller and Auditor General (Comml.)-cum-Chairman, Audit Board from 8th June 1991 onwards.
Shri K. Kuppusamy	Principal Director of Commercial Audit and Ex-officio Member, Audit Board, Bangalore from 1st July 1990 onwards.
Shri Kanwal Nath	Principal Director of Commercial Audit and Ex-officio Member, Audit Board-III, New Delhi from 19th March 1990 onwards.
Shri K.S. Menon	Principal Director (Commercial) and Member-Secretary Audit Board from 2nd July 1990 onwards.
Shri B.R. Ramaswamy*	Managing Director, Radha Converters, Gokak (Karnataka). Part-time-Member
Shri P.G. Krishna Murthy	Technical Adviser, Karnatak State Co-operative Spinning Federation Limited Bangalore. Part-time-Member.

The results of discussions held with the representatives of Ministry of Textiles on 20th November 1991 were also taken into account by the Audit Board while finalising this report.

The Comptroller and Auditor General of India wishes to place on record his appreciation of the work done by the Audit Board and the contribution in particular made by the two part-time-members.

* Did not attend the meeting held on 20th November 1991.

OVERVIEW

I. National Textile Corporation (APKK&M) Limited was incorporated on 23rd October 1974. It has 16 mills spread over Andhra Pradesh (6), Karnataka (4), Kerala (5) and Mahe (Paras 1.1 and 1.2).

II. As against the authorised capital of Rs.6000 lakhs as on 31st March 1991, the paid up capital was Rs.5268.97 lakhs contributed by the Holding Company (Rs.5145.50 lakhs), Governments of Karnataka (Rs.94.50 lakhs), Andhra Pradesh (Rs.23.97 lakhs) and Pondicherry (Rs.5 lakhs). (Para 4.1)

III. The Holding Company waived the interest outstanding as on 31.3.1983 amounting to Rs.1016.14 lakhs and also reduced the interest rate for subsequent periods which resulted in a financial relief of Rs.7883.84 lakhs.(Para 4.4)

(IV) The delay in repayment of principal and interest relating to the loans received from IDBI/IFCI attracted a penal interest of Rs.142.88 lakhs upto March 1991. (Para 4.5)

V. The Committee on Public Undertakings had recommended selective modernisation. The Company had also grouped the mills into (a) where modernisation would yield immediate results, (b) mills where performance could be improved with further modernisation and (c) mills where even substantial modernisation would not give results. Even so, the funds for modernisation was expended on all the mills. It was stated that funds had to be spent on the third category to keep them running. (Paras 5.2 and 5.4)

VI. Rs.1029.29 lakhs out of modernisation funds were diverted for day to day running of the mills. (Para 5.4)

VII. Non-availability of the details necessary for the introduction of Russian looms imported under the Indo-USSR trade protocol resulted in a delay of two years in the commissioning of these looms. (Para 5.8 (i))

VIII. Plants and machinery procured at a cost of Rs.64.82 lakhs were either not put to use or used sparingly due to changed market conditions and obsolescence of technology. (Para 5.8(ii))

IX. The projections of utilisation of commissioned spindle capacity envisaged in the modernisation programmes, could not be achieved in any of the mills, except in one mill in some years, while the estimated production per spindle shift could not be achieved in most of the years by six mills. (Para 5.9.1 and 5.9.2)

X. The projections of loom utilisation envisaged in the modernisation schemes, could not be achieved in any of the weavingmills. (Para 5.9.4)

XI. Shortfall in production of yarn and cloth due to idle spindles/looms as compared to the budgeted utilisation for the eight years ending March 1991 amounted to 299.62 lakh kilograms and 806.7 lakh metres respectively. Main reasons for the shortfall in production of yarn were power cuts, absenteeism, shortage of empties/backstuff and requirements of repairs and maintenance. In the case of cloth, decision of the management to peg down the capacity owing to the uneconomical working of looms accounted for a shortfall of 139.83 lakh metres of cloth. (Paras 6.2 and 6.5)

XII. As against 217.36 kw hrs. of power lost in the mills situated at Andhra Pradesh and Kerala due to planned power cuts in the three years ending March 1991, the power generated by the D.G. sets were 121.40 kw hrs only, eventhough with the installed capacity of D.G. sets 294.06 kw hrs could have been generated. (Para 6.3)

XIII. Rs.886.03 lakhs was spent on outside processing in the eight years ending March 1991. (Para 6.6)

XIV. Actual value-loss due to defective cloth ranged from 2.36 per cent to 7.3 per cent, as against a norm of 3.2 per cent considered as a very standard value loss by the Holding Company when it gave evidence before the Committee on Public Undertakings in 1981. The Ministry stated (November 1991) that for the quality and mix of products now manufactured a value loss of 3.5 to 5 per cent for grey cloth and 6.5 to 17 per cent for processed goods would be realistic. (Para 6.8)

XV. The shortfall on account of machine utilisation varied from 9.4 to 20.6 per cent in the spinning sector and 10.3 to 46.6 per cent in the weaving sector, in the five years ending March 1991. The resultant under recovery of fixed expenses worked out to Rs.2018.79 lakhs. The under recovery of fixed expenses due to shortfall in the rate of production in the five years ending March 1991 worked out to Rs.310.93 lakhs. (Para 6.9)

XVI. The average annual growth in the volume of sales of yarn during the 8 years ending March 1991 was 4.5 per cent. Except in 1986-87, the Company could not achieve the targeted sales. The sale of cloth registered negative growth from 1983-84 to 1990-91 and it fell short of target except in the last two years when the target itself was substantially reduced. (Para 7.4)

XVII. Despite the subsidy given by the Government of India the loss incurred in the sale of controlled cloth during the year 1990-91 alone worked out to Rs.108.49 lakhs. It was stated that controlled cloth had to be manufactured by those mills which were not equipped to produce other cloth. (Para 7.6)

XVIII. Planned exports could not be achieved in any of the five years ending March 1990. During 1988-89 and 1989-90 export sales to the value of Rs.170.04 lakhs to USSR resulted in a loss of Rs.37.38 lakhs. (Para 7.8)

XIX. Standard costing was not introduced despite reiteration by COPU of its earlier recommendations. It was stated that in view of the fast changing product mix, the introduction of standard costing would not be meaningful. (Para 8.1)

XX. The dead loss on sizing material varied from 34.67 to 48.32 percent as against the norms of 27 percent. (Para 8.6)

XXI. The Company had continued to incur loss since inception except in 1978-79 and 1979-80. The cumulative loss incurred during the period from 1974-75 (first year of operation) to 1990-91 amounted to Rs.15242.41 lakhs which is 295.81% of the paid up capital.

1. INTRODUCTION

Under the Sick Textile Undertakings (Nationalisation) Act, 1974, 103 sick textile mills were nationalised and vested in the National Textile Corporation Limited, hereinafter called Corporation, set up in 1968 as a Government Company. The Act empowered the Corporation to form Subsidiaries with a view to ensuring effective management on a decentralised basis. The National Textile Corporation (Andhra Pradesh, Karnataka, Kerala & Mahe) Limited, hereinafter referred to as the Company, was incorporated on 23rd October, 1974 as one of the nine Subsidiaries set up by the Corporation to manage 16 mills in three southern states and one union territory.

1.2 Out of the 16 mills entrusted to the Company (5 composite mills and 11 spinning mills) six are in Andhra Pradesh, four in Karnataka, five in Kerala and one in the union territory of Mahe. The particulars regarding the mills at the time of takeover and as on 31st March 1991 are at Annexure I.

1.3 The two marketing divisions of the Corporation located at Hyderabad and Bangalore were transferred to the Company with effect from 1st April 1983.

1.4 The working of the Corporation (including the Subsidiaries) upto 1980-81 was reviewed by the Committee on Public Undertakings in their Fortieth Report (1981-82 - Seventh Lok Sabha). The action taken thereon by Government is contained in the Fifty-eighth Report of the COPU (1982-83 - Seventh Lok Sabha).

1.5 The present appraisal covers the working of the Company mainly from 1983-84 onwards.

2. ORGANISATIONAL SET-UP

2.1 The management of the Company is vested in a Board of Directors with the Chairman and Managing Director as the Chief Executive assisted by four functional Directors and four part-time directors of whom one each is nominated by Industrial Finance corporation of India and the States of Andhra Pradesh, Karnataka and Kerala. Each mill is managed by a General Manager. An organisational chart is appended as Annexure II.

2.2 The Corporation was co-ordinating the activities of the Company in all important matters of purchase of raw materials and machinery, production, modernisation, labour rationalisation, providing financial assistance etc.

3. OBJECTIVES

3.1 The main objective of nationalisation was "reorganising and rehabilitating such sick textile undertakings so as to subserve the interests of the general public by the augmentation of the production and distribution, at fair prices, of different varieties of cloth and yarn". These objectives were further elaborated to (i) provide continued employment (ii) provide cloth and yarn at affordable prices (iii) run the mills economically and (iv) reduce the losses and make them viable on a long-term basis.

3.2 The Ministry of Finance (BPE) had instructed (May 1979) all the Ministries to advise the Public Sector Enterpirses under their administrative control to spell out their micro objectives consistent with the broad objectives spelt out in the Industrial Policy Statement of December 1977, the Company has not spelt out any micro objectives. However, the Corporate Plan for the eighth plan period was got approved by the Board of the Company in December 1990.

4. CAPITAL STRUCTURE

A. Share Capital

4.1 The authorised capital of the Company, which was Rs.750 lakhs at the time of its incorporation, stood at Rs.6000 lakhs as on 31st March 1991. The paid-up capital (including advance against equity) as on 31st March 1991 was Rs.5268.97 lakhs, the composition of which was as indicated below :

Name of the share holder	Subscribed & paid-up Capital	Percentage to total paid-up capital
Corporation	5145.50	97.66
Governments of: Karnataka	94.50	1.80
Andhra Pradesh	23.97	0.45
Pondicherry	5.00	0.09
	5268.97	100.00

4.2 Consequent on nationalisation and formation of Subsidiaries, the State Governments which had earlier been managing or which were associated with the working of sick textile undertakings were offered participation (upto 49 per cent) in the equity capital of the Subsidiaries. While the two State Governments of Karnataka & Andhra Pradesh and the Union Territory of Pondicherry together subscribed only 2.34 per cent of the total paid-up capital of the Company, the Government of Kerala had no participation in the share capital. Although the Company made efforts with all the Governments to have their share in the equity participation increased these did not fructify. The shortfall in the subscription by the various Governments was made good by the Corporation.

B. Borrowings:

4.3 The Company had been facing shortage of working capital continuously due to cash losses; the Corporation therefore, had been advancing working capital loans from time to time basides long-term loans towards modernisation, labour rationalisation etc. The Company had also obtained long-term loans frrom the financial institutions to finance the modernisation schemes. Deferred credit was availed of for purchase of plant and machinery. The position of borrowings as at the end of 1990-91 was follows :

(Rupees in lakhs)

(a)	From the Corporation	
	(i) Towards Working Capital	11442.70
	(ii) Towards Modernisation	923.09
	(iii) Towards labour rationalisation	60.66
(b)	From Kerala Textile Corporation	6.58
(c)	From Financial Institutions (IDBI/IFCI/IRBI)	2975.14
(d)	From Government of Andhra Pradesh	5.40
(e)	Deferred credit from banks for purchase of plant and machinery from different suppliers	43.73

4.4 Out of the total working capital loans of Rs.11989.10 lakhs given by the Corporation, Rs.10906.21 lakhs represented reimbursement of cash losses. The Committee on Public Undertakings had recommended in their fortieth Report (1981-82 - Seventh Lok Sabha) that the existing system of funding the Subsidiaries (which were incurring losses) by giving them loans and overburdening them again with interest was obviously unsatisfactory and recommended that the Ministry should review the system in order to remove the financial constraints of the Subsidiaries to the extent possible. Out of a total loans of Rs.17116.71 lakhs received from the Corporation, Rs.12426.45 lakhs remained as loans. The Company got waiver of interest outstanding as on 31st March 1983 amounting to Rs.1046.14 lakhs. Interest on balance outstanding loans as on 31st March 1983 and on further loans released by the Corporation was also reduced to 0.5 per cent/0.25 per cent to cover service charges. The financial relief given by way of reduction in the interest rates for the period 1983-84 to 1990-91 amounted to Rs.7883.84 lakhs. The cumulative loss of Rs.15,242.41 lakhs should be viewed in this context.

The Ministry, during Audit Board Meeting (November 1991), stated that in the context of non-availability of budgetary support to reimburse cash losses, the question of consideration of restructuring the Corporation, by closing some mills and amalgamating certain others was under the active consideration of the Government. Sale of land belonging to mills located in prime areas to finance judicious modernisation and rehabilitation packages were also under consideration.

4.5 The loans received from IDBI/IFCI consisted of soft loan of Rs.834.40 lakhs for modernisation carrying interest at 11.5 - 12.5 per cent and term loans of Rs.2540.48 lakhs towards expansion, carrying interest at 14 per cent except in the case of soft loan of Rs.120 lakhs (IDBI - Rs.80 lakhs, IFCI - Rs.40 lakhs) sanctioned to M.S.K. Mills, Gulbarga at an interest rate of 8.1 per cent. The Company was not regular in repayment of principal and interest. The delay in repayment of principal attracted levy of penal interest (liquidated damages) amounting to Rs.142.88 lakhs upto March 1991. Till 31st March 1991 the loan instalments and interest which had become overdue amounted to Rs.208.36 lakhs and Rs.85.17 lakhs respectively.

4.6 The debt equity ratio of the Company as on 31st March 1991 was 2.5:1.

5. MODERNISATION AND EXPANSION SCHEMES

5.1 One of the main objectives of establishment of the Corporation was to rehabilitate the sick textile undertakings taken over by the Government by modernising them and expanding their activities. No comprehensive plan for complete modernisation of each mill was, however, drawn up by the Company or the Corporation. Instead, piece meal schemes were drawn up for replacement of old machinery, renovations, provision of balancing equipment, additions etc. from time to time till March 1981.

5.2 While reviewing the progress of modernisation schemes upto March 1981, the Committee on Public Undertakings had observed (April 1982), that the available resources had been spread over the mills thinly and recommended selective modernisation. The Ministry agreed with the strategy suggested by the Committee.

5.3 While noting the acceptance by the Government of its recommendations, the Committee suggested (Feb. 1983) that the modernisation and expansion programmes should be recast and got cleared on the lines indicated by them.

5.4 The Board of Directors of the Corporation directed (October 1982) that the sanctioned schemes (including those pending with financial institutions) should be implemented during the remaining part of the Sixth Five Year Plan period and that the results of modernisation should be consolidated in all the mills where modernisation had been effected and that, as per the recommendations of the Committee on Public Undertakings, further modernisation would be considered on a selective basis.

The Company grouped the mills as follows for further modernisation :

(1) Mills where performance was good and further investments were likely to yield immediate results like Mills of Kerala, Mahe and Tirupati mills.

(2) Mills where performance was marginal and could be improved with further modernisation like Nataraj Adoni and Netha mills.

(3) Mills where even substantial modernisation would not give results in the near future like Mysore, Azam Jahi and M.S.K. mills.

In addition modernisattion was done in Yallamma and Anantapur Mills which were having very few spindleages and in Minerva Mills by replacement of uneconomic plain looms.

The Company however, observed (December 1990) that due to paucity of funds very little modernisation could be done and that part of the modernisation funds were spent on other activities such as renovation of mills which could not strictly be termed as "modernisation". The Company further stated that originally the Corporation had informed them that total modernisation scheme should not exceed Rs.100 lakhs; this amount was grossly inadequate for bigger mills. Even during the Sixth Plan there was a restriction that the investment in a particular mill should not exceed Rs.100 lakhs which was a constraint for free planning.

The number of schemes sanctioned, the revised sanctions and the actual expenditure as at the end of 1990-91 in respect of the various mills, were as follows :

Mill wise particulars of amounts sanctioned and expenditure incurred upto 31.3.1991

Sl. No.	Name of the Mills	NTC Schemes No. of Schemes/ items	Original sanction	Revised sanction	Actual Expr.
			(.....Rs. in lakhs.....)		
1.	Azam Jahi	10	228.68	232.76	216.84
2.	Mysore	12	914.96	927.98	298.62
3.	Minerva	12	887.65	896.35	854.95
4.	M.S.K.	6	119.95	119.53	120.89
5.	Parvathi	9	308.54	330.77	282.09
6.	Ananthapur	8	102.12	104.62	97.12
7.	Alagappa	10	304.85	315.60	241.33
8.	Keralalakshmi	7	216.07	239.27	164.45
9.	Yallamma	9	180.13	185.52	182.41
10.	Adoni	8	251.28	295.61	252.62
11.	Netha	7	279.11	299.95	184.04
12.	Tirupathi	9	218.16	224.64	196.35
13.	Cannanore	8	192.04	216.37	155.82
14.	Vijaya Mohini	11	294.95	321.27	271.07
15.	Nataraj	7	157.07	197.84	186.43
16.	Mahe	5	150.81	159.75	164.93
		138	4806.37	5067.33	3869.96

The Company incurred a net escalation of Rs.235.12 lakhs in respect of schemes implemented upto September 1983. Net escalation for the subsequent period was not worked out by the Company so far (December 1991).

The Ministry stated, during the Audit Board Meeting (November 1991), that even while ensuring selective modernisation, the Company had to invest money on initial repairs of machinery with regard to mills in which modernisation would not give results, to get them going. To that extent, the investment on these mills was not on modernisation in the real sense of the term.

It was also observed that Rs.1029.29 lakhs was diverted out of the modernisation funds to the day-to-day running of the mills as brought out below :-

Diversion of Modernisation Funds

Sl. No.	Name of the Mills	Running of Mills	Mainte-nance	Statutory obligations	Power & connected Items	Total
				(Rs. in	lakhs)	
1.	Azam Jahi	74.08	-	43.33	29.90	147.31
2.	Mysore	51.69	0.45	13.21	40.14	105.49
3.	Minerva	56.91	2.36	3.24	45.75	108.26
4.	M.S.K.	22.91	-	42.74	17.64	83.29
5.	Parvathi	36.22	1.05	49.38	39.55	126.20
6.	Ananthapur	5.49	1.31	-	9.69	16.49
7.	Alagappa	8.82	-	0.65	37.43	46.90
8.	Adoni	22.26	0.13	-	22.92	45.31
9.	Cannanore	6.00	0.75	7.98	25.02	39.75
10.	Mahe	29.94	2.18	7.18	-	39.30
11.	Kerala Lakshmi	31.69	5.89	1.10	31.83	70.51
12.	Nataraj	7.25	-	-	6.62	13.87
13.	Netha	27.60	2.38	-	-	29.98
14.	Tirupathi	12.57	0.33	-	8.64	21.54
15.	Vijaymohini	28.46	-	4.51	24.27	57.24
16.	Yallamma	30.40	3.70	23.91	19.84	77.85
	TOTAL	452.29	20.53	197.23	359.24	1029.29

5.5 In addition to the schemes of modernisation financed by the Corporation, the Company got modernisation schemes approved by the financial institutions (IDBI/IFCI). The number of schemes sanctioned, the revised sanction and the actual expenditure as at the end of 1990-91 were as follows :

Mill wise particulars of amounts sanctioned and expenditure incurred upto 31.3.1991

Sl. No.	Name of the Mills	IDBI/IFCI Scheme No. of schemes/	Original sanction	Revised sancttion	Actual Expr.
			(Rs.in lakhs)		
1.	Azam Jahi	1	156.00	157.52	157.52
2.	Mysore	1	268.00	280.19	283.42
3.	Minerva	1	218.00	218.00	209.12
4.	M.S.K.	1	177.98	195.77	198.18
5.	Parvathi	2	1331.00	1340.72	901.46
6.	Ananthapur	1	383.48	383.48	377.37
7.	Alagappa	2	565.00	565.00	383.40
8.	Keralalakshmi	2	535.28	535.28	414.96
9.	Yallamma	1	403.03	418.80	411.12
10.	Nataraj	1	644.70	644.70	150.82
11.	Tirupathi	1	425.00	425.00	130.03
12.	Cannonore	1	500.00	500.00	23.52
13.	Vijayamohini	1	590.75	590.75	95.73
14.	Mahe	1	385.48	385.48	148.02
		17	6583.70	6640.69	3884.67

There were time overruns ranging from 3 to 14 months and a cost overrun of Rs.56.99 lakhs in respect of schemes sanctioned for five mills between November 1978 and December 1983 due to revision of prices by suppliers etc. Schemes sanctioned from December 1988 to April 1990 were in progress and escalation was not worked out by the Company. The time overrun was attributed by the Company to the delayed delivery of machines due to suspension of manufacture by several reputed textile machinery manufacturers.

5.6 In addition to the sanctioned schemes the Company had spent Rs.665.98 lakhs to end of March 1991 on various items which were initially included in IDBI/IFCI schemes, but deleted subsequently, and on other items of small value considered essential which were not covered by any of the sanctioned schemes.

5.7 Apart from these major schemes, Rs.2931.96 lakhs were sanctioned between April 1981 and March 1991 to the different mills which included major items such as USSR looms (Rs.617.17 lakhs), Generators (Rs.600.91 lakhs), Boilers

(Rs. 109.00 lakhs), Cone Winders (Rs.70.20 lakhs) Effluent Treatment Plants (Rs.51.04 lakhs) and reactivisation of Mysore Mills necessitated by a major fire accident in January 1990 (650 lakhs) and essential items (Rs.453.80 lakhs). Against the sanction of Rs.2931.96 lakhs, Rs.1745.66 lakhs were spent upto March 1991 mainly on USSR looms (Rs.592.21 lakhs), Generators (Rs.176.74 lakhs), Effluent Treatment Plant (Rs.36.69 lakhs), essential items (Rs.665.98 lakhs) and reactivisation (Rs.18.36 lakhs).

5.8 The following points were noticed in the implementation of the schemes :

(i) The Indo-USSR Trade Protocol signed in December 1985 envisaged import of projectile looms of 330 cms to enable the mills to produce quality product for export to USSR. The Company was allotted 75 looms to be erected and commissioned in Minerva Mills. The commissioning of the looms, started in July 1987, could be completed by March 1988. However, essential infrastructural facilities for successful operation of looms from USSR namely, Auto Corner, Humidification plant and High Production Cards were not received and commissioned by the time the looms were commissioned as a result of which the looms could be utilised fully only by March 1989.

The Company stated (December 1990) that the details of the millwise distribution of looms were not known to them till the looms actually arrived at the port. Further pending completion of labour negotiations there was labour problems in the mills which delayed the looms at the mill premises which also delayed the commissioning of the looms.

The Ministry, during the Audit Board Meeting (November 1991), while admitting that there was delay in getting all the details necessary for the proper introduction of these looms, stated that in the case of trade protocol with USSR signed by the Ministry of Commerce, consultations with the user Ministry was not adequate.

(ii) Plant and Machinery/equipment procured were either not put to use or were used sparingly. A few such instance were as follows :-

(a) A six-colour printing machine procured at a cost of Rs.7.66 lakhs in August 1981 in Azam Jahi was put to use sparingly upto July 1985 (January 1983 to May 1983 and November 1983 to July 1985) and thereafter not put to use at all. Another six-colour printing machine procured at a cost of Rs.7.69 lakhs in 1983 in M.S.K. was sparingly used.

The Company claimed (April 1990) that with changing market conditions, the commissioning of these machines was not advantageous due, mainly, to cost factors.

(b) Nine Humidification Plants were procured between May 1981 and August 1982 at a cost of Rs.9.70 lakhs for installation in Parvathi mills, of which five plants, costing Rs.4.30 lakhs, were not installed. These were subsequently transferred for use in Minerva Mills (1985), but were not used due to installation of USSR looms, even though an expenditure of Rs.1.60 lakhs was spent on civil works.

The Ministry replied (September 1991) that two of these have now been installed back in Parvathi Mills. The other two were being erected, awaiting the completion of certain essential civil works necessary for the installation of the Humidification Plants.

(c) 4 Comber machines and a sliver machine were obtained from another Subsidiary in September 1980 at a cost of Rs.20.39 lakhs and installed. Its utilisation showed a downward trend over the years and it was not utilised during 1985-86 and 1986-87.

The Company stated that this machine was not giving the desired results as it was an old machine. It was, however, noticed in Audit that it was purchased by the sister Subsidiary only in 1978 and was used for six months only before transfer.

(d) A Mercerising and Bleaching machine was procured between October 1979 and July 1981 at a cost of Rs.12.92 lakhs and installed in Alagappa Mills. The utilisation of this machine was poor. The Ministry stated (September 1991) that this machine was being shifted to Parvathi Mills, as the processing department of Alagappa mills was closed due to the cost of processing being very high, on account of High Cost of steam produced in the old boiler.

(e) A Soaper-cum-drying machine, at a cost of Rs.7.69 lakhs and a Rapid Steamager at a cost of Rs.2.57 lakhs were installed in M.S.K. mills in February 1981. These, however, were not put to use. The Company stated (April 1990) that these were interlinked with roller printing, the technology of which had become obsolete and that these machinery could be disposed off. No further action had been taken in this regard so far (December 1991).

(iii) The factory buildings for accommodating additional spindles were not utilised fully for the purpose in Yallamma and Adoni Mills due to reduction in the number of spindles proposed, resulting in idle investment of Rs.20 lakhs and Rs.12.48 lakhs respectively. The Ministry stated (September 1991) that expansion of spindleage was curtailed due to ceiling on investment in the case of Yallamma Mills and due to paucity of long term funds in the case of Adoni Mills, and that buildings were being fully utilised.

5.9 Millwise achievements vis-a-vis the projections made in the modernisation/expansion scheme in respect of the major production parameters for the eight years ending 1990-91 were as follows :

5.9 Millwise achievements vis-a-vis the projections made in the modernisation/expansion scheme in respect of the major production parameters for the eight years ending 1990-91 were as follows:

A. S P I N N I N G   S E C T O R

NAME OF THE MILL

(Projections made in modernisation schemes are indicated in brackets)

1. SPINDLE UTILISATION

YEAR	Azam Jahi	Mysore	Minerva	M.S.K.	Parvathi	Anantapur	Alagappa	Kerala Lakshmi	Yallamma	Adoni	Netha	Tirupathi	Cannanore	Vijaya Mohini	Nataraj	Mahe
Prior to moderni-sation	68.50	75.50	68.70	87.50	85.60	60.60	95.90	82.70	63.50	97.00	66.00	82.80	91.90	92.80	55.30	90.20
	(93)	(92)	(92)	(95)	(93)	(87)	(95)	(85)	(93)	(97)	(97)	(97)	(97)	(97)	(97)	(97)
1983-84	72.37	78.38	87.67	71.47	51.47	85.63	70.58	68.82	89.46	71.92	82.12	84.89	58.87	58.65	84.21	76.48
1984-85	66.85	65.35	64.79	66.29	70.27	74.29	85.73	78.69	71.28	82.34	76.00	82.23	78.83	82.79	80.39	82.90
1985-86	67.77	74.08	84.27	68.79	80.34	71.00	90.43	89.20	77.23	79.56	83.73	83.37	80.31	90.07	79.44	83.44
1986-87	64.78	72.60	73.37	71.12	69.35	66.27	82.56	81.58	79.66	82.10	80.33	85.03	87.55	82.40	87.19	85.17
1987-88	48.88	67.32	75.35	68.25	70.57	73.76	72.85	72.53	81.07	58.14	58.96	68.33	88.00	72.51	69.65	88.44
1988-89	62.27	75.37	70.27	68.88	68.25	76.57	86.67	80.39	65.11	65.16	57.24	73.71	92.17	89.49	78.32	86.05
1989-90	80.40	74.66	75.62	79.33	68.92	72.60	80.16	86.83	88.04	82.66	64.34	81.90	91.67	90.67	82.08	87.75
1990-91	79.99	--	77.91	70.01	82.15	73.66	83.16	83.15	76.22	85.07	54.85	80.43	89.32	89.89	79.06	90.26

2. PRODUCTION PER SPINDLE SHIFT

40s counts in frames

YEAR	Azam Jahi	Mysore	Minerva	M.S.K.	Parvathi	Anantapur	Alagappa	Kerala Lakshmi	Yallamma	Adoni	Netha	Tirupathi	Cannanore	Vijaya Mohini	Nataraj	Mahe
	(69.30)	(74.60)	(60.96)	(61.00)	(71.30)	(73.50)	(74.66)	(73.31)	(79.00)	(67.40)	(67.14)	(73.86)	(65.67)	(72.90)	(64.95)	(66.72)
1983-84	58.65	57.89	60.95	58.69	72.62	71.60	69.34	76.86	78.67	57.56	70.71	64.29	72.76	67.17	65.10	72.67
1984-85	59.73	61.33	66.74	57.15	72.86	71.15	71.31	78.77	76.84	63.16	70.88	70.12	72.78	74.26	66.48	74.15
1985-86	61.51	60.33	64.06	60.40	75.06	70.70	74.69	79.54	77.70	64.56	70.12	69.83	73.70	74.62	67.66	74.45
1986-87	61.81	64.11	67.05	60.89	76.72	67.15	75.69	80.49	78.27	67.57	70.01	71.44	74.69	75.21	70.65	76.66
1987-88	58.04	63.79	62.72	59.51	76.44	70.67	75.32	80.08	79.50	66.09	70.81	71.75	77.34	75.35	70.53	76.39
1988-89	59.06	63.72	59.68	62.20	76.34	72.31	77.81	79.95	75.07	66.64	68.69	75.04	78.43	75.35	69.14	76.24
1989-90	54.12	64.44	64.87	63.70	75.95	69.18	75.79	79.29	67.28	66.66	70.24	73.36	77.35	75.53	69.00	75.84
1990-91	58.47	--	74.06	62.77	76.43	68.02	74.85	77.78	71.14	67.89	72.26	71.98	76.08	75.14	69.50	73.79

3. WORKERS PER 1000 SPINDLE SHIFT

YEAR	Azam Jahi	Mysore	Minerva	M.S.K.	Parvathi	Anantapur	Alagappa	Kerala Lakshmi	Yallamma	Adoni	Netha	Tirupathi	Cannanore	Vijaya Mohini	Nataraj	Mahe
	(6.40)	(6.67)	(4.76)	(5.90)	(5.39)	(3.29)	(3.70)	(3.05)	(4.67)	(4.86)	(NA)	(2.89)	(NA)	(3.52)	(NA)	(4.66)
1983-84	7.56	7.62	6.92	7.90	5.80	4.46	4.09	3.72	4.42	5.52	5.22	3.66	6.03	3.36	4.48	5.12
1984-85	8.18	8.08	6.90	7.06	5.62	4.85	3.75	3.90	4.64	4.67	5.01	3.74	4.95	3.64	4.48	4.79
1985-86	8.32	6.22	5.94	6.54	5.05	4.17	3.89	3.45	3.79	4.51	6.14	3.67	4.28	3.50	4.37	4.48
1986-87	7.86	6.08	5.68	7.97	5.47	4.66	4.75	3.55	3.90	4.71	4.59	3.56	4.42	3.66	4.21	4.31
1987-88	7.91	6.38	6.35	8.18	5.31	4.99	4.22	3.65	4.44	4.75	5.29	3.54	4.48	3.78	4.55	4.76
1988-89	7.97	5.85	6.47	7.22	5.57	4.65	3.31	3.31	3.43	4.60	5.23	3.50	4.30	3.49	3.91	4.29
1989-90	6.73	-	6.47	7.52	4.00	4.34	3.24	3.24	3.56	4.20	5.03	3.70	3.86	3.30	3.76	3.00
1990-91	7.07	-	6.85	7.62	4.70	4.72	3.00	3.43	4.06	4.81	5.53	3.59	4.06	3.20	4.25	4.19

B. WEAVING SECTOR

	Name of the Mills				
Y E A R	Azam Jahi	Minerva	M.S.K.	Mysore	Parvathi

(Projections made under modernisation schemes are indicated in brackets)

1. LOOM UTILISATION (Percentage)

Y E A R	Azam Jahi	Minerva	M.S.K.	Mysore	Parvathi
	(90.0)	(92.0)	(98.0)	(92.0)	(90.00)
1983-84	86.23	84.75	91.09	82.42	54.01
1984-85	78.91	74.38	89.88	78.51	70.49
1985-86	83.59	78.93	89.63	76.93	78.96
1986-87	82.05	80.76	77.98	72.60	72.90
1987-88	62.82	74.13	69.43	65.73	74.43
1988-89	77.30	64.78	66.19	75.28	70.56
1989-90	86.59	84.68	62.08	80.85	75.24
1990-91	80.49	85.43	81.35	76.88	86.71

2. PRODUCTION/LOOM SHIFT

(in mts. adjusted 40 picks/inch

Y E A R	Azam Jahi	Minerva	M.S.K.	Mysore	Parvathi
Pre.mod.	36.10	41.78	45.62	32.19	37.16
	(42.90)	(40.34)	(40.10)	(38.64)	(42.70)
1983-84	38.58	38.98	39.24	33.81	47.87
1984-85	35.90	43.34	40.84	33.05	47.40
1985-86	36.73	41.41	38.11	32.78	47.19
1986-87	35.79	39.10	37.22	41.70	45.65
1987-88	29.00	44.67	34.90	25.64	40.03
1988-89	32.92	39.51	34.00	36.03	39.83
1989-90	31.23	40.31	38.41	27.70	26.66
1990-91	32.20	45.07	27.12	28.25	30.25

3. WORKERS PER 100 LOOM SHIFT

Y E A R	Azam Jahi	Minerva	M.S.K.	Mysore	Parvathi
	(50.26)	(52.23)	(54.86)	(57.11)	(46.20)
1983-84	60.00	61.21	54.73	65.12	48.50
1984-85	65.26	63.33	54.60	70.92	48.56
1985-86	65.86	67.87	54.82	70.75	48.21
1986-87	63.82	52.06	67.83	68.87	48.30
1987-88	64.58	62.90	60.95	66.38	50.56
1988-89	73.90	67.43	68.88	60.42	55.77
1989-90	63.27	52.50	71.67	*55.16	52.96
1990-91	70.65	57.86	67.60	45.05	62.14

*Figures available for 8 months only.

5.9.1 Utilisation of commissioned spindle capacity

(i) It was seen that the projected utilisation was not achieved by any of the mills, except in one mill viz Kerala lakshmi for two years i.e. 1985-86 and 1989-90.

(ii) In 12 mills, in many years, the actual utilisation was even less than what was achieved prior to modernisation.

(iii) Spindle utilisation was generally lower in composite mills than in spinning mills.

The Company stated (April 1990) that the expected results of utilisation could not be achieved mainly due to power cut and absenteeism. As these were known factors and would have been kept in view while making the projections, the reply was not tenable. The Ministry stated (September 1991) that the actual extent of power cut for future ten years could not have been foreseen with any degree of accuracy and that it was also not possible to foresee the behavioural trends in absenteeism for the future 10 years and hence the projections made were in order. Since, absenteeism was a known phenomenon, not making a provision for the same rendered the projected plans unrealistic. It may also be pointed out that projections could be revised from time to time on a realistic basis with reference to ground realities.

5.9.2 Production per spindle shift

1. Estimated production per spindle shift (40s conversion/gms) could not be achieved by six mills viz Adoni, Ananthapur, Tirupathi, Yallamma, Azam Jahi and Mysore Mills in most of the years.

2. Spindle productivity projections in all the mills ranged from 60.96 grams in Minerva (lowest to 79 grams in Yallamma (highest) and were much lower than the norms of 88.81 gms fixed by South India Textile Research Association. The Company stated (December 1990) that the productivity standard of 88.81 grams per spindle shift laid down by SITRA was not achievable unless and until the Company improved its technology to the extent of the top mills, which only could achieve these norms. It was further stated that the productivity achievable by the Company was only 67 grams per spindle shift, based on a formula laid down in 1976, viz., [45 + (Modernisation Index) X 0.35], while the modernisation index was based on values assigned to various machinery depending on their age and type.

The Corporation however, did not agree with the mode of working out the productivity and considered it arbitrary and observed that the SITRA formula alone should be adopted.

The Ministry, during the Audit Board Meeting (November 1991), stated that it would be appropriate that the SITRA norms should be diluted suitably taking into account the ground realities of each of the mills.

5.9.3 Workers employed per 1000 spindle shifts

The actual number of workers employed per 1000 spindle shifts was higher than the projections in all the years in all the composite mills, except in Mysore Mills after 1985-86 and in Parvathi Mills during 1989-90 and 1990-91.

The Company stated (April 1990) that they adopted optimistic norms in the projections, which, unfortunately, could not be achieved.

5.9.4 Loom Utilisation (In percentage)

(i) None of the mills could achieve the projections in any of the eight years and the actuals were far less than the projections.

(ii) There was considerable fall in loom utilisation during 1987-88 as compared to 1986-87 except in Parvathi Mills.

The Company attributed (April 1990) the shortfall to non-controllable causes like power, absenteeism and repair and maintenance. Since these were known factors and should have been taken into account while making projections, this explanation indicate an unrealistic method of working out projections.

5.9.5 Cloth production/loom shift in metres adjusted to 40 picks/inch

(i) Parvathi Mills did not achieve the projections for the last 4 years while M.S.K. Mills achieved it only in

1984-85. Azam Jahi Mills did not achieve it during the last eight years.

(ii) There was steep fall in productivity after 1986-87 in Azam Jahi, Mysore, Parvathi and M.S.K. Mills (except in 1989-90).

(iii) Though the projections were lower than what was achieved prior to modernisation in M.S.K. and Minerva Mills, these were achieved only for one year (1984-85) by M.S.K. Mills. Minerva Mills could not achieve even the lower projections in four years (1983-84, 1986-87, 1988-89 and 1989-90).

The Company claimed (April 1990) that comparing only the metres/loom shift with 40 picks might not be a proper parameter. The fact, however, remained that the management itself had made comparisons using such a parameter.

5.9.6 Workers employed per 100 loom shifts

(i) All the mills employed more workers per 100 loom shifts than that projected (except Minerva Mills in 1986-87 and M.S.K. Mills in 1983-84 to 1985-86).

(ii) In Azam Jahi Mills the number shot up from 65.26 in 1984-85 to 73.90 in 1988-89 but came down to 63.27 in 1989-90 and again went up to 70.65 in 1990-91.

5.10 It would thus be seen that modernisation failed to achieve the projected results in almost all the mills particularly in spindles and loom utilisation, employment per 1000 spindle/100 loom shifts and productivity with the result that even the interest and depreciation could not be recovered and the financial performance deteriorated after modernisation.

The Company denied that the modernisation had not achieved the desired results and claimed (April 1990) that higher utilisation would have resulted in higher losses and as such the utilisation was kept low to avoid building up of inventory and facing problems of liquidity. The fact, however, was that spindles and loom utilisation was not upto the desired levels.

The Ministry stated (September 1991) that the deterioration in the financial results was due to factors like unprecedented increase in input costs and that the financial performance of the Company should be viewed in the context of the general scenario of the textile industry as a whole in the country during the past two decades when it was reeling under unprecedented recession.

5.11 In this connection, it would be of interest to note that the Corporation, while evaluating (March 1985) the results of modernisation in the Company felt that seven out of sixteen mills did not achieve the productivity as per modernisation index; that the financial performance of the Company was not satisfactory and that during 1983-84, it could have reduced losses by nearly Rs.917.00 lakhs.

5.12 A comparison of some of the performance parameters for the Company as a whole after modernisation revealed lower achievement as compared to pre-modernisation period (except in 1989-90 and 1990-91) as indicated in the following table:

Sl. No.	Parameters	Pre. Modn.	After Modernisation 84-85	85-86	86-87	87-88	88-89	89-90	90-91
1.	Loss in spindle utilisation %	19.10	25.16	19.24	19.16	30.02	23.87	15.47	19.75
2.	Workers employed per 100 loom shifts	60.30	61.48	63.34	61.98	61.13	67.00	58.61	55.41
3.	Loom efficiency %	70.30	64.89	66.77	68.90	65.98	68.80	73.03	72.81

Heavy loss on spindle utilistion, excess deployment of workers per 100 loom shifts and shortfall in loom efficiency were attributed (April 1990) respectively to non-availability of power, idle looms and deterioration in loom conditions by the Company.

6. PRODUCTION PERFORMANCE

6.1 The Company had five composite mills (spinning and weaving in all the five mills and processing in four mills) and eleven spinning mills.

6.2 Budgeted spindle shifts as against the installed spindle shifts as well as the actual spindle shifts for the eight years ending 1990-91 were as follows :

(Shifts in lakhs)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Installed spindle shifts (available)	4481.27	4721.83	4949.85	4988.15	4986.96	4518.91	4775.84	4505.80
Budgeted spindle shifts	4171.00	4022.74	4135.75	4337.04	4258.91	4253.94	4277.67	4004.23
Actual spindle shifts	3365.86	3561.68	3999.48	3900.24	3500.35	3377.14	3843.60	3626.77
Idle spindle Shifts due to:								
Power cut	268.92	102.77	34.83	154.62	415.99	375.10	151.87	71.23
Absenteeism	135.35	131.86	47.00	128.11	182.36	235.07	142.45	146.30
Backstuff shortage	176.89	41.50	19.13	36.25	37.32	47.52	27.57	72.02
R & M	92.11	61.14	22.33	53.46	72.29	96.62	59.72	46.09
Management decision	1.84	89.86	2.32	32.14	17.37	47.70	6.42	-
Others	130.03	33.93	10.66	22.22	33.23	74.79	46.04	41.82
Total	805.14	461.06	136.27	436.80	758.56	876.80	434.07	377.46 = *
Shortfall in production due to Idle spindleage. lakh kgs [converted to 40s]	53.67	32.08	9.58	31.27	51.12	63.88	30.81	27.21 = **

* 4286.16
** 292.62

The shortfall in production (299.62 lakh kgs in terms of yarn) was due to idle spindles which constituted 12.68 per cent of planned production. The Ministry stated (September 1991) that these were due to reasons of power problems, absenteeism and lack of balancing facilties. Since these factors were known at the time of estimating the production, the shortfall exceeded the anticipations either due to inadequate provision for these factors or due to lack of control in working.

6.3 The mills in Andhra Pradesh and Kerala suffered planned power cuts, except for 1990-91 in respect of mills in Kerala. The annual shortfall in the availability of power ranged from 4.94 kw hours to 33.67 kw hours. However, the available capacity of captive generation was not optimally utilised. The non-availability of power due to planned power cuts during the three years ending 1990-91 in respect of these mills worked out to 217.36 kw hours. As against this, the power generated by a captive power generation was 121.40 kw hours only, even though, with an optimal utilisation of the installed capacity of the D.G. sets, captive power of 294.06 kw hours could have been generated.

6.4 There was sizeable idle spindleage due to back stuff shortage in M.S.K. mills accounting for 129.17 lakh spindle shifts during the seven years 1983-84 to 1989-90. While accepting that there was some imbalance in spinning prepartory, the Company contended (April 1990) that this was very normal. For the Company as a whole, loss due to back-stuff shortage went up from 27.57 lakh spindle shifts in 1989-90 to 72.02 lakh spindle shifts in 1990-91 in spite of the fact that the stock of raw material was equivalent to 6.5 months' consumption at the end of 1990-91.

The Company stated (December 1991) that it was decided to go in for coarser counts in 1990-91 as they were more profitable, which also required more preparatory machines. However, the increased absenteeism in the preparatory department affected its utilisation leading to increase in the loss due to backstuff shortage.

6.5 The budgeted, installed and actual loom shifts for the eight years ending 1990-91 were as follows :

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Installed Loom shifts (available)	27.99	28.21	27.26	25.97	22.97	14.81	13.69	12.58
Budgeted Loom shifts	25.62	25.60	23.49	23.43	17.77	18.21	11.84	10.30
Actual Loom shifts	23.53	21.94	22.27	20.35	15.64	9.73	10.62	10.30
Idle loom Shifts due to:								
Power cut	0.70	0.48	0.19	0.38	0.62	0.73	0.12	-
Absenteeism	0.35	0.77	0.33	1.24	0.71	2.30	0.56	-
Backstuff shortage	0.46	0.67	0.19	0.38	0.17	0.97	0.06	-
R & M	0.24	0.47	0.24	0.49	0.21	0.70	0.15	-
Management decision	-	0.20	-	0.11	0.03	3.49	0.05	-
Others	0.34	1.07	0.27	0.48	0.38	0.29	0.28	-
Total	2.09	3.66	1.22	3.08	2.12	8.48	1.22	-
Shortfall in production due to Idle Loomage	75.26	136.26	46.74	114.58	78.99	303.92	50.95	-

Shortfall in cloth production due to management decision worked out to 139.83 lakh metres of which 125.08 lakh metres was during the year 1988-89 alone. The Ministry stated that, the weaving activity having become uneconomical, the targeted cloth production had to be pegged down. This, however, led to a situation where substantial investment in modernising the weaving sector, resulted in the Company not getting optimum return on the investments.

Processing :

6.6 The cloth produced in the loom shed was unfinished and hence could not be sold as such. It had to undergo further processing like bleaching, dyeing, printing and finishing. An analysis of the utilisation of processing capacity during the last eight years ending 31st March 1990, revealed that, on an average, the underutilisation of processing houses was to the extent of 40 per cent.

Even then, the Company was engaging outside processing houses for processing the grey cloth produced in all the five composite mills. The processing charges paid during the eight years ending 31st March 1991 were as indicated below :

Years	Amount paid Rs. in lakhs
1983-84	25.29
1984-85	89.72
1985-86	184.83
1986-87	187.84
1987-88	130.26
1988-89	195.27
1989-90	31.20
1990-91	41.62
	886.03

The Company stated (June 1989) "Even though the processing capacity of the Subsidiary is high, there is no sufficient built-in capacity of processing of blends and in specialised fields like Mineral, Khaki etc. Outside processing houses have been utilised mainly for those sorts where the Subsidiary does not have built-in capacity. The gradual increase in outside processing is in keeping with the increase in production of blended fabrics in the mills. Further, with the fall in total production of cloth due to stoppage of looms, the available processing capacity had also been utilised to extent needed". The Company claimed (April 1990) that acquiring all balancing equipments involved huge financial outlay. However, in reply to a query by Audit, the Company estimated (November 1991) the investment needed to provide the balancing equipments at Rs.323 lakhs only. Even though the amount paid for outside processors was substantial, no efforts were made to make the minimum investment to obtain balancing equipments and thus avoid substantial payment to outside processors.

6.7 An analysis of the utilistion of the processing houses of Azam Jahi and Parvathi Mills revealed the following :

(i) The printing table purchased at Parvathi Mills at a cost of Rs.8.41 lakhs in 1981-82 was sparingly utilised upto 1986-87 due to protests by the employees' unions and kept idle thereafter due to a decision to close down the printing department.

(ii) In Azam Jahi Mills, the quantity of cloth got printed outside increased from 0.42 lakh metre in 1985-86 to 5.78 lakh metres in 1988-89 while the capacity utilisation of the printing department declined from 75.73 per cent in 1984-85 to 27.93 per cent in 1988-89.

The Company stated (April 1990) that this had to be done to cater to export market requiring rotary/flat bed printing for which the mill was not equipped.

6.8 **Value Loss:**

Cloth is rendered sub-standard mainly on account of defects like oil stains, contamination, floats, weft, cracks, dye stuff stains, processing defects, faults etc. During inspection and packing, cloth is categorised into sound/ second/fents/rags etc., based on Textile Commissioner's specified standard norms. All types of cloth other than sound was sold at a discount, which ranged from 2 to 80 per cent, the maximum being on chindies. The actual value loss during the eight years ending 1990-91 varied from 2.36 to 7.3 per cent as could be seen from the table below :

Value loss in Percentages

Year	Azam Jahi	Mysore	Minerva	M.S.K.	Parvathi
1983-84	4.24	7.30	3.89	5.86	3.12
1984-85	4.30	6.62	3.83	6.03	3.14
1985-86	4.18	6.06	4.44	5.16	3.08
1986-87	4.70	6.05	3.87	5.84	2.98
1987-88	5.30	6.42	5.13	5.86	2.93
1988-89	4.35	6.49	6.91	5.37	2.74
1989-90	4.28	5.45	4.53	5.22	2.36
1990-91	3.69	5.28	2.52	4.75	2.54

The Ministry stated (September 1991) that a value loss of 3.5 to 5 per cent for grey goods and 6.5 to 17 per cent for processed goods would conform to the norms and that the value loss was well within these norms. During the Audit Board Meeting (November 1991), it was pointed out that the Corporation while giving evidence before the Committee on Public Undertakings had stated (40th Report 1981-82 of Seventh Lok Sabha) that a norm of 3.2 per cent should be considered as a very standard value loss where all kinds of products were included. The Ministry stated that the evidence might have been in the context of the product mix being produced at that time and that for the quality and mix of products now under manufacture the norms now indicated should be considered appropriate.

Machine Utilisation :

6.9 The budgeted and actual machine utilisation and under recovery of fixed expenditure for the last five years ending 1990-91 was as follows :

Particulars		1986-87	1987-88	1988-89	1989-90	1990-91
1. Machine Utilisation	S	4337.04	4258.91	4253.94	4277.67	4004.23
Budgeted (in lakh shifts)	W	23.43	17.77	18.21	11.84	10.30
2. Machine Utilisation	S	3900.24	3500.35	3377.14	3843.60	3626.77
Actuals (in lakh shifts)	W	20.25	15.64	9.73	10.62	10.30
3. Shortfall (in lakh	S	436.80	758.56	876.80	434.07	377.46
shifts)	W	3.18	2.13	8.48	1.22	-
4. Actual fixed over head bud-	S	0.42	0.42	0.42	0.49	0.61
geted mach-ine shifts (in rupees)	W	44.89	60.73	40.40	74.46	94.64
5. Total under re-covery of	S	183.46	318.60	368.26	212.69	230.25
fixed expenditure (in lakh rupees	W	142.75	129.35	342.59	90.84	-

S stands for Spinning
W stands for Weaving

There was a shortfall in spindle shifts and loom shifts to an extent of 2883.69 lakhs and 15.01 lakhs for the last five years ending 31st March 1991 resulting in underrecovery of fixed expenses of Rs.1313.26 lakhs in spinning and Rs.705.53 lakhs in the weaving sectors.

The budgeted and actual production of yarn and cloth per machine shift (yarn converted to 40s and cloth converted to 40 picks per inch) and underrecovery of fixed expenses due to shortfall in the rate of production was as follows :

PRODUCTIVITY/MACHINE SHIFTS

Particulars		1986-87	1987-88	1988-89	1989-90	1990-91
1. Budgeted production per machine shift	S	72.35	72.95	73.76	72.30	72.99
	W	35.98	37.62	43.55	46.16	43.15
2. Actual production/ machine shift	S	71.60	71.34	72.86	70.97	72.10
	W	37.20	37.26	35.84	41.76	43.01
3. Shortfall in the rate of production per machine shift	S	0.75	1.61	0.90	1.33	0.89
	W	-	0.36	7.71	4.40	0.14
4. Machine Utilisation actuals (in lakh shifts)	S	3900.24	3500.35	3377.14	3843.60	3626.77
	W	20.35	15.64	9.73	10.62	10.30
5. Total shortfall of production for actual shift worked	S	2.93	5.64	3.04	5.11	3.23
			(in	lakh kgs.)		
	W	-	5.63	3.04	46.73	1.45
			(in	lakh mtrs.)		
6. Equivalent loss of shifts due to fall in productivity	S	40.92	79.06	41.72	72.00	44.25
	W	-	0.15	2.09	1.12	0.04
7. Under recovery of fixed expenses due to low productivity (in lakh rupees)	S	17.19	33.21	17.52	35.28	26.99
	W	-	9.11	84.44	83.40	3.79

S stands for Spinning in grams
W stands for Weaving in mtrs.

Yarn converted to 40's count/cloth converted to 40 picks per inch

The shortfall in production due to lower productivity was equivalent to 277.95 lakh spindle shifts and 3.40 lakh loom shifts during the last four years, corresponding underrecovery of fixed expenses amounting to Rs.130.19 lakhs and Rs.180.74 lakhs respectively.

6.10 Loom Productivity

As against the norms of 250, the millwise Loom Productivity Index (LPI) for the last eight years from 1983-84 to 1990-91 varied from 182 to 297 as could be seen from the statement below :

Mills	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Azam Jahi	206	195	207	205	199	204	220	230
Mysore	182	182	185	203	190	215	227	203
Minerva	224	237	223	234	259	227	279	297
M.S.K.	218	216	230	220	220	230	252	244
Parvathi	264	268	263	266	256	244	248	244

The Company stated (January 1990) that the norms (250) for each mill would depend on the production pattern from time to time and achievement to LPI of 250 depended upon the optimum working conditions. The Company further stated (December 1991) that in view of the technological superiority of the Air jet looms and STB looms the earlier loom Productivity Index of 250 needed a revision. The revision, however, was yet to be made.(December 1991)

7. MARKETING AND PRICING POLICY

7.1 A centralised marketing and sales department at the head office of the Company controls the marketing of the products of all the mills including those of other Subsidiaries.

7.2 **Channels of distribution :**

The Company markets its products through dealers, agents, its own retail outlets, and by direct sales. The cloth manufactured by the Company and other subsidiaries of the Corporation was also sold through a network of showrooms run by the Marketing Division of the Company. The Marketing Division also undertook direct bulk supply of cloth to some of the Public Sector Undertakings, Government Departments and Co-operative Societies.

7.3 **Pricing Policy :**

The pricing policy of the Company was based on the guidelines framed by the Corporation. Under these guidelines the floor prices were fixed by a Committee (consisting of the Chairman-cum-Managing Director, functional directors and one or two General Managers of the mills co-opted for the purpose) keeping in view the prevailing rates, the position of demand and supply and the position of pending orders.

The yarn prices were fixed on a weekly basis and the cloth prices on a quarterly basis. The Company stated (April 1989) that the prices of the yarn were fixed weekly but monitored on a day-to-day basis with reference to market information and co-ordination with the other Subsidiaries of the Corporation.

The prices for supply to D.G.S.&D. were negotiated and finalised by the Corporation based on the feedback given by the Company regarding cost of production and previous prices.

The prices in respect of institutional supplies were negotiated and settled by the Company with reference to the prices of competitors in the market.

Yarn was sold mostly through the agents on commission basis. The floor prices as fixed by the Company were intimated to the agents who were required to sell the goods at the maximum rates possible in consultation with the Marketing Division. Sales below floor prices, wherever floor prices were found to be not realisable, required the approval of the Company.

The agreement did not preclude the agents from undertaking sale of competitors' products. The Ministry stated (September 1991) that, in view of the prevalent market practice the agents could not be precluded from selling the products of other mills.

7.4 Sales Performance

As can be seen from the statement given below, there was perceptible growth in the quantity of sales of yarn only during the last 3 years - 1988-89 to 1990-91.

SALE OF MARKET YARN

Years	TARGETS		ACHIEVEMENTS		SHORTFALL		% OF SHORTFALL	
	Qnty.	Value	Qnty.	Value	Qnty.	Value	Qnty.	Value
	(Quantity in lakh kgs and value in lakh rupees)							
1983-84	154.01	4823.61	130.06	4075.34	28.15	748.27	17.8	15.5
1984-85	173.42	5578.81	127.64	4404.72	45.78	1174.09	26.4	21.0
1985-86	164.65	6050.03	140.68	5025.33	27.41	1033.70	16.3	17.1
1986-87	148.20	6060.32	150.94	5157.01	Nil	903.31	Nil	14.9
1987-88	182.68	6739.22	125.34	5717.92	63.18	1021.30	33.5	15.1
1988-89	163.84	8867.23	148.93	7818.13	20.01	1049.10	11.84	11.83
1989-90	207.07	9994.60	169.60	10221.09	38.47	Nil	18.48	Nil
1990-91	215.07	12118.47	177.04	10055.26	38.03	2063.21	17.60	17.02

Further, except for 1986-87, the Company could not achieve the targeted sales.

In respect of sale of cloth the achievement vis-a-vis targets for the eight years ending 1990-91 was as follows:

Years	TARGETS		ACHIEVEMENTS		SHORTFALL		% OF SHORTFALL	
	Qnty.	Value	Qnty.	Value	Qnty.	Value	Qnty.	Value
	(Quantity in lakh kgs and value in lakh rupees)							
1983-84	767.24	4369.45	698.42	3868.97	68.82	500.48	8.9	11.4
1984-85	767.29	5517.42	647.13	4175.32	120.16	1342.10	15.66	24.3
1985-86	702.99	5149.00	594.07	4535.40	8.92	613.70	15.5	11.9
1986-87	696.16	5707.60	657.87	4965.25	38.29	742.35	5.5	13.0
1987-88	526.97	4345.40	490.76	4069.50	36.21	275.90	6.9	6.3
1988-89	521.03	5377.00	342.74	3546.34	178.29	1830.66	34.22	34.05
1989-90	379.78	4388.33	397.42	4374.30	-	14.03	-	0.32
1990-91	347.18	3899.77	375.06	4722.27	-	-	-	-

The quantity of cloth sold decreased from 698.42 lakh kgs in 1983-84 to 375.06 lakh kgs in 1990-91

The targets for sale of cloth were reduced continuously from 767.24 lakh mts. in 1983-84 to 347.18 lakh mts. in 1990-91. The reduction was particularly steep in 1987-88 and 1989-90 when the targets were reduced by 169.19 lakh mts. (24.3 per cent) and 141.25 lakhs mts. (27.1 per cent) respectively. The actual achievement fell short of the targets in all the years except in the last two years, when the targets were substantially reduced.

The Ministry stated (September 1991) that, in the context of power looms emerging as a major producer of cloth, the mill sector had a diminishing role in cloth production and that the lower volume of sales was in line with the general recession in the textile sector in the country.

7.5 **Composition of sales (cloth) :**

The composition of sales of cloth during these years consisted of approximately 50 per cent open market sales on an average; the remaining sales being to D.G.S.&D., Government Institutions, export and controlled cloth through NCCF. The composition of sale of cloth in terms of quantity and value under different categories is indicated in Annexure-III.

A comparison of sales of cloth by the Company with the sales of cloth of other Subsidiary companies of NTC and the comparative profitability of each mill could not be made. It was stated by the Company (November 1989) that they did not undertake such analysis.

7.6 Supply of controlled cloth :

The allotment of controlled cloth made by the Corporation, release instructions received, quantity despatched against the release instructions and break up of shortfall during the last six years were as indicated below:

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
a) Allotment from Corporation	220.30	196.04	115.04	125.17	-	-
b) Release instructions received	219.53	197.68	96.69	113.71	85.55	45.77
c) Despatched	175.96	165.13	83.20	72.39	67.19	52.78
d) Shortfall compared to release instruction received (b-c)	43.57	32.55	13.49	41.32	18.36	-

An analysis of this data revealed that during the last six years, except for 1990-91, actual despatches fell short of release instructions, the shortfall ranging from 14 to 36 per cent. To an audit observation that such shortfalls led to underutilisation of available capacity and other services, resulting in increased costs, the Ministry replied (September 1991) that when con-trolled cloth was taken off production alternative qualities had been taken up. It was however, noticed in audit that production of other cloth came down more sharply than controlled cloth. The Ministry further stated, during Audit Board Meeting (November 1991) that production of controlled cloth, even with Government subsidy, was a loss making proposition for the mills; those mills which were not fully equipped to produce other cloth had to resort to production of controlled cloth and that the policy of the

Government was to shift production of controlled cloth from the organised mill sector to the hand-loom sector.

The loss incurred in sale of controlled cloth for the year 1990-91 alone worked out to Rs.108.49 lakhs.

7.7 **D.G.S.&D. Sales**

The actual supply of cloth to D.G.S.&D./Government had come down sharply in the recent years from 29.42 lakh metres in 1987-88 to 21.26 lakh metres in 1988-89, 7.90 lakh metres in 1989-90 and 10.8 lakh metres in 1990-91.

7.8 **Export of cloth :**

The budgeted quantity and value and actual quantity and value of cloth exported during the last six years ending 1990-91 were as follows :

Year	Budget Quantity	Budget Value	Actuals Quantity	Actuals Value
	(Qty. in lakh metres & value in Rs. in lakhs)			
1985-86	89.35	548.06	43.39	310.80
1986-87	83.82	498.62	44.68	302.57
1987-88	50.17	320.92	47.21	282.19
1988-89	112.26	788.98	66.87	464.90
1989-90	98.33	798.29	65.56	545.91
1990-91	44.46	436.78	86.60	920.69

An analysis of the actual export of cloth as compared to the projected export for the six years ending 1990-91 revealed that, except for 1990-91, the targeted exports were not achieved. The Ministry stated (September 1991) that the short fall in export compared to budget was on account of lower production.

It was further revealed that during 1988-89 and 1989-90 out of a total export of 22.37 lakh metres of cloth to USSR valued Rs.170.04 lakhs, there was a loss of Rs.37.38 lakhs.

8. COSTING SYSTEM AND COST CONTROL

8.1 The mills adopt process costing system and were subject to cost audit under Section 233-B of the Companies Act, 1956. The Company did not introduce standard costing so far even though the COPU had recommended its introduction. While reiterating this recommendation, COPU in its Action Taken Report (58th) had also suggested that the system in comparable private sector mills should be studied and at least actual cost and prices on per loom basis for each variety of cloth should be worked out by the mills to enable judicious management decision. The Ministry stated during the Audit Board Meeting (November 1991), that the profile of products as well as the product mix had been changing fast in the sector and hence the Ministry felt that the introduction of standard costing would not be meaningful. There were no plans to introduce standard costing in the mills of the Company.

8.2 Cost data was compiled by the mills every quarter and the same consolidated for the whole year.

The average cost as indicated in the annual cost accounting records was utilised for estimating the cost data whenever required by commercial department as well as for taking up production of new counts of yarn and new sorts of cloth.

8.3 In composite mills the total cost of production was available cost-centre-wise. The material cost was directly charged to the production and the overheads absorbed on process costing lines. The interest, bonus and gratuity were charged only to the products sold.

8.4 Even though a major expansion scheme adding 21840 spindles involving an investment of over Rs.400 lakhs was completed in June 1984 in Yallamma mills, the cost of production of yarn per Kg. (ranging from Rs.32.20 to 45.43) in this mill was much higher as compared to the average cost of production of the spinning mills of the Company (Rs.25.43 to Rs.38.23). The Ministry stated (September 1991) that comparison of cost of production of one mill with the average cost of production for the Company as a whole might not be relevant, unless the average count of the Company as a whole was on par with average count of the mill. The average count of the Company (Spinning Mills) and the average count of this mill were as follows :

	Company (Spinning Mills)	Yallamma Mills
1985-86	56.42	53.48
1986-87	57.65	56.79
1987-88	57.20	53.71
1988-89	58.02	55.95
1989-90	52.41	46.00
1990-91	47.72	39.32

Since the average count of the mill was invariably less than that of the Company, the comparison made by audit was in order. Action to identify the reasons for increased cost and controlling it remained to be taken up by the mill.

8.5 The figures relating to the percentage of major inputs to the value of production as well as on major items of administration expenses for the four years ending 1990-91 were as follows :

	1987-88	88-89	89-90	1990-91
A. Percentage to value of production				
Material consumption	52.41	58.57	51.43	50.35
Stores	7.36	6.20	6.57	7.35
Power & Fuel	10.68	9.45	8.34	8.33
Salaries & Wages	33.95	28.88	25.29	28.41
B. Administrative expenses (Rs. in lakhs)				
Rent	18.41	17.88	18.22	20.32
Selling expenses	146.01	172.58	215.88	268.91
Postage, telegram printing & Stationery, travel etc.	136.96	158.29	172.11	218.59

8.6 Analysis of the various elements of cost is as follows:

a) Consumption of Raw Materials (Cotton)

Cotton, the main raw material, constituted 40 per cent of the cost of finished goods. An analysis of cotton consumption per kg. of yarn produced and cost per kg. of cotton mixed in some of the mills for five years ending 1990-91 revealed that even for the same count-group utilisation of cotton per kg. of yarn produced varied quite a bit, the variation ranging upto 12 per cent. The Company held (April

1990) that, cotton being an agro-based commodity, there was bound to be difference in quality parameters from lot to lot and variety to variety and that the state of machineries and processing difference would affect the yield.

b) Sizing Material

Quantities of sizing ingredients used in standard recipe and total volume prepared, had definite correlation to the weight of warp yarn to be sized. The entire quantity of sizing material was not, however, used due to different reasons. The residual mix drained out was called dead loss. The dead loss over and above the standard norms fixed was found to be upto 23.32 per cent. The Ministry replied that the percentage of dead loss was within the limit of 27 per cent for averages laid down in Bombay Textile Research Association norms.

The actual dead loss, however, varied from 48.32 per cent in 1987-88 to 34.67 per cent in 1988-89 as against the norms of 27 per cent.

c) Cost of Power

Electrical energy turned out to be the most expensive item next to labour cost. It accounted for about 8.34 to 11.14 per cent of the value of production in composite and spinning mills taken together. Thus monitoring of power in a textile mill is an important activity and repetition of this exercise had become a necessity for the successful survival of the mills.

The South India Textile Research Association (SITRA) had worked out the requirement of power per kg. of yarn (40s) as 3.56 units. The Company was not, however, working out the energy consumption per kg. of yarn produced. The standard requirement of power for producing a metre of cloth was also not available.

While the power consumed in a spinning mill was the actual consumption of energy during the year, the departmentwise (Spinning and Weaving) allocation of energy in a composite mill, in the absence of separate metering arrangements, is done on the basis of the load power of all motors attached to different departments. As such, 100 per cent accuracy in allocation of energy could not be ensured. An analysis of the power consumption per kg. of yarn (40s) in the 11 spinning mills during the seven years ending 31st March 1991 revealed the following :

In Ananthapur Mills the UKG (Unit consumed per kg of yarn) was the highest among all the spinning mills except during 1988-89 aand 1989-90. The other mills which exceeded the standard norms of 3.56 units were as follows:

Name of the Mill	Years in which norm were exceeded	Range of actual consumption in units
Yallamma	1984-85 to 90-91	3.71 to 4.12
Netha	- do -	3.71 to 4.10
Nataraj	- do -	3.81 to 3.98
Kerala Lakshmi	1985-86 to 90-91	3.60 to 3.84
Adoni	- do -	3.64 to 3.91
Alagappa	1986-87 to 88-89	3.64 to 3.77
Tirupathi	1984-85 to 85-86	3.64 to 3.67

9. MANPOWER ANALYSIS

9.1 One of the objectives of nationalisation of the sick mills by Government was to provide employment and to rehabilitate the workers of the closed mills. A working group of technical, financial and marketing officers constituted during the Conference of the Chairman and Managing Directors of the Subsidiaries held in April 1975 suggested that the organisational structure of the Subsidiaries should be immediately reviewed to find out where economy could be effected and pending this, a ban on further recruitment should be imposed.

9.2 Though a study conducted in 1975 by SITRA indicated excess labour force of 1336 in 13 mills, it was seen that additional labour was continued to be inducted, with the result that the total strength increased from 19830 as on 1st April 1975 to 24288 as on 31st March 1982. A further study was made by SITRA in September 1982 (as per their report received in January 1984), the excess strength worked out to 2780. The number of workmen on roll as at the end of 1990-91 was, however, 13940 which was only 337 excess compared to requirements.

9.3 The position of actual man power vis-a-vis the strength as per SITRA norms, millwise, for the last three years, is as follows :

Sl.No.	Name of the Mill	SITRA Norms			Actuals			Excess/shortage		
		1988-89	89-90	90-91	88-89	89-90	90-91	88-89	89-90	90-91
1.	Azam Jahi	1322	1322	1411	1752	1537	1487	+430	+215	+76
2.	Mysore	1235	687	801	1553	1317	558	+318	+630	-243
3.	Minerva	1076	1076	1355	1007	1081	1093	-69	+5	-262
4.	M.S.K.	1082	1082	1482	1192	1121	1055	+110	+39	-427
5.	Parvathi	967	967	1128	866	783	769	-101	-184	-359
6.	Anantapur	407	407	584	426	419	458	+ 19	+12	-126
7.	Alagappa	752	752	921	735	695	692	- 17	-57	-229
8.	Adoni	290	290	393	264	287	305	- 26	- 3	-88
9.	Cannanore	435	397	524	377	353	368	- 58	-44	-156
10.	Mahe	491	491	608	489	488	490	- 2	- 3	-118
11.	Kerala Lakshmi	517	517	619	507	530	489	- 10	+13	-130
12.	Nataraj	247	247	348	252	267	293	+ 5	+20	-55
13.	Netha	318	318	413	299	339	311	- 19	+21	-102
14.	Tirupathi	423	423	487	378	406	418	- 45	-17	-69
15	Vijayamohini	414	414	477	440	441	418	+ 26	+27	- 59
16.	Yallamma	437	437	551	377	409	434	- 60	-28	-117
17.	Processing Factory	311	311	411	323	328	291	+ 12	+17	-120
		10724	10138	12493	11237	10801	9929	+513	+663	-2564

The Ministry stated (September 1991) that workers had to be engaged as per agreements in force involving negotiations with multiplicity of unions and hence could not be reduced forthwith. It was seen in audit that on the expiry of earlier agreements, the delay in signing fresh agreements ranged between 17 and 98 months owing to the protracted negotiations with the labour union on the work assignment. The Company stated (April 1990) that the progress of negotiations were also disturbed due to certain extraneous causes. As a consequence there were delays in introducing revised productivity and workload norms after installation of new and improved machines under Modernisation and Expansion schemes. The delays contributed to lower productivity during the intervening period and belated identification and weeding out of surplus work force.

9.4 Some instances where engagements of surplus labour continued due to delay in implementation of expert study reports were as narrated below :

(a) In Mysore Mills an agreement was entered into with labour unions on 31st January 1985 valid upto 31st January 1988 which was continuing. Meanwhile as a result of management policies, the Company had engaged Bombay

Textile Research Association in 1985 to study the rationalisation of the capacity utilisation of the mills and the processing house attached to it, with a view to reducing the losses of the mills. The Association which conducted the study in June 1985, inter alia, assessed (August 1985) the manpower requirement as 1295 workers and 207 staff as against the strength of 1915 workers and 247 staff as per January 1985 agreement.

As the workers' engagement was based on the agreement signed on 31st january 1985, the mill could not implement the suggestion of Bombay Textile Research Association and engaged excess labour up till 1988-89 as indicated below :

	As per BTRA study	Average actual engagement			
		1985-86	1986-87	1987-88	1988-89
Workers	1295	1658	1551	1421	1392
Staff	207	247	247	237	221

(b) In the Mysore processing house BTRA study recommended engagement of 311 workers per day as against the agreement stipulating 352 workers per day and the existing strength of 415.

The Ministry stated (September 1991) that the suggestions of BTRA could not be implemented straightaway without revision of workloads for which negotiations were necessary. It was, however, noticed in audit that while overall manpower deployed was kept within the limits envisaged in the agreements with the unions, in the areas of spinning (upto spindle point) and weaving (upto loom shift) the manpower deployed was even more than what was envisaged in the agreements with the unions.

10. MATERIAL MANAGEMENT AND INVENTORY CONTROL

Purchase Procedure

10.1 Cotton constituted 80% of the raw material used. It was procured by the Cotton Purchase Department of the headquarters of the Company, based on allotment made by the Corporation. The full requirements of different mills were to be met from supplies by Cotton Corporation of India, Maharashtra State Co-operative Marketing Federation and other State Co-operatives. However, the Company was permitted (from March 1988) by the Corporation to procure upto 30 per cent of its requirements from the private sector at competitive rates in case of non-availability of required varieties with the public and co-operatives sectors. During 1988-89 and 1989-90 the procurement from private traders was around 20 per cent as against 30 per cent permitted. It was stated by the Company (December 1989) that even though rates offered by private traders were sometimes lower compared to the institutional suppliers, while purchasing from private traders various factors like availability, liquidity position, market sentiments etc. had to be looked into. During the Audit Board Meeting (November 1991) it was enquired whether the stipulation that 70 per cent of the cotton should be purchased from the Cotton Corporation of India, where rates were higher, as compared to the private sector would not put the Mills at a disadvantage. The Ministry replied (November 1991) that even at a slightly extra cost the mills preferred to buy cotton from the Cotton Corporation of India as the slightly higher price was more than offset by the many advantages like assured quality, timeliness of delivery, availability of credit facility and absence of malafides.

10.2 As regards spares, dyes and chemicals and consumables, procurement of 67 items commonly classified as 'A' class items was through a Central Purchase Committee in the Corporate Office.

Other items of smaller value called 'B' items were procured directly by the mills.

10.3 Out of 16 mills, 10 mills had fixed maximum and minimum inventory levels. In the remaining 6 mills studies were under way for fixing these levels. The Ministry replied (September 1991) that efforts were being made to fix the levels in other mills also.

Payment of interest and carrying charges

10.4 As per agreements with cotton suppliers, the Company was to lift cotton within the specified dates, failing which carrying charges at rates varying between 2 and 2.5 per cent per month was payable. Payments for cotton purchased had to be made by a specified date irrespective of the stocks being lifted, failing which interest at bank rate was chargeable. The carrying charges and interest charged by the suppliers from 1982-83 onwards due to delay in lifting cotton by the Company were as follows :

(Rs. in lakhs)

	Carrying charges	Interest	Total
1982-83	9.95	323.32	333.27
1983-84	2.43	229.39	231.82
1984-85	25.41	227.79	253.20
1985-86	3.05	101.83	104.88
1986-87	4.32	211.88	216.20
1987-88	33.87	109.64	143.51
1988-89	41.08	109.80	150.88
1989-90	16.33	88.80	105.13
1990-91	38.87	60.99	99.86
	175.31	1463.44	1638.75

The Company stated (August 1988) that due to shortage of working capital, it was not possible to make timely payment to the cotton suppliers. However, the payment of carrying charges did not appear to be justified in view of the fact that the production was not held up in any of the years due to raw material shortage and production shortfall was mainly due to power cut and absenteeism. It would, therefore, appear that the quantity of cotton contracted for was more than the actual requirements resulting in unnecessary payment of carrying charges with consequent adverse effect on working results. The Company stated (December 1990) that in 1990-91, the liquidity position having improved, the carrying charges were minimised. The Ministry stated (September 1991) that it was not correct to assume that purchases were made beyond the normal requirement. This reply overlooks the fact that the Company had to pay substantial amounts as carrying charges and interest due to purchase of cotton which it did not lift within the stipulated time.

Payment of Rs.44.51 lakhs towards carrying charges :

10.5 In March 1974 the Corporation entered into an agreement with the Cotton Corporation of India for purchase of 27100 bales of cotton for use by all the Subsidiaries. A team of officers who visited the production centres selected 24514 bales only as the quality offered by the suppliers was sub-standard. According to the Company it had lifted all the selected quantities. However, the supplier contended that the Corporation did not lift 2600 bales (27100-24514= 2600 approx). Out of this, the share of the Company was 1307 bales. Even though the Company was not agreeable for reimbursement of the loss on resale of unlifted quantity, carrying charges thereon and the interest till the date of payment, it had to pay an amount of Rs.44.51 lakhs to the supplier at the instance of the Corporation as per details given below :

Loss on resale of 1307 bales	Rs. 1,37,810.69
Carrying charges on the above	Rs. 3,89,624.66
Interest upto 31.3.1987	Rs.39,23,961.49
	Rs.44,51,396.84

INVENTORIES

10.6 The inventory and its distribution at the close of the last eight years ended March 1991 were as follows:

Particulars	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
			(....Rs. in lakhs.......)					
Raw Materials	7.02 (2.37)	10.65 (2.85)	8.48 (2.31)	12.83 (4.18)	17.63 (4.10)	21.27 (4.29)	19.35 (3.33)	37.70 (6.85)
Stores & Spares	3.49 (6.12)	3.00 (4.69)	3.42 (4.53)	3.09 (4.49)	2.74 (4.20)	3.58 (6.29)	3.73 (4.38)	4.72 (5.10)
Work-in-Progress	2.35 (0.35)	4.22 (0.57)	4.83 (0.56)	4.84 (0.60)	6.95 (0.79)	6.97 (0.76)	6.48 (0.53)	7.08 (0.56)
Finished Goods	11.63 (1.76)	12.46 (1.72)	17.87 (2.23)	12.60 (1.50)	18.06 (2.21)	13.88 (1.45)	14.08 (1.15)	16.05 (1.29)
Others	0.12	0.25	0.22	0.17	0.24	0.24	0.65	0.41
	24.63	30.58	34.82	33.53	45.62	45.94	44.29	65.96

Pathak Committee Norms

Raw Materials	2.5 months' consumption
Stores & Spares	2.0 - do -
Work-in-Prog.	
Weaving	0.75 - do -
Spinning	0.50 - do -
Finished Goods	3.50 in terms of cost of sales

Note : Figures in brackets indicates months' consumption.

10.7 The Company stated (December 1991) "no norms have been in vogue other than Pathak Committee norms". The table above, however, shows that they were unable to adhere to the norms in the case of stores and spares and in recent years in the caase of raw materials.

The total inventory went up from Rs.24.63 crores in 1983-84 to Rs.65.96 crores in 1990-91. The Company stated (April 1990) that the increase was mainly in raw material inventory during 1987-88 and 1988-89, (which included contracted but not lifted quantity also) which was necessary for economic working.

10.8 The stock of raw materials was always above the norm of 2.5 months' consumption after 1986-87 while the stock of stores and spares was always above the norms. The stock holdings of raw materials were significantly higher than the norms, being 4.18 months', 4.10 months', 4.29 months' 3.33 , months' and 6.5 months' consumption during 1986-87, 1987-88, 1988-89, 1989-90 and 1990-91 respectively. In the case of stores and spares the holdings ranged from 4.20 months' consumption to 6.29 months' consumption. The

Ministry stated (September 1991) that the norms of 2.5 months' consumption, which was adopted by bankers for financing working capital requirements were not adequate taking into account the bottlenecks of transport of raw material. The Ministry did not indicate any other norms.

10.9 Work-in-progress was, however, nearer to the norms of two weeks' production in spinning and three weeks production in weaving, ranging from 0.35 month to 0.56 month upto 1985-86 and going upto 0.60 month, 0.79 and 0.76 month respectively in 1986-87, 1987-88 and 1988-89 but going down to 0.53 month's production in 1989-90 and 0.56 months production in 1990-91.

10.10 A mill-wise analysis revealed substantially higher inventory holdings above the norms in respect of stores and spares in all the mills except Vijaya Mohini, Mysore, Parvathi and Yallamma mills in a few years. In respect of work-in-progress, in Azam Jahi, M.S.K. and Parvathi mills almost throughout the last seven years (1983-84 to 1989-90) the holdings were above the norms. The Company stated (April 1990) that many of the units like Nataraj, Anantapur, Mahe etc., mills were situated in remote areas away from textile centres, resulting in higher lead period for purchases. Besides, most of the machinery in the Company are old requiring higher consumption and higher storage of stores and spares.

10.11 In this connection while reviewing the inventory position of the Company as on 31st October 1987 for the purpose of reimbursement of cash losses, the Corporation had stated in January 1988 'the Subsidiary corporation is carrying excess inventories to the extent of Rs.4.38 crores as compared to our norms. Avoidable loss as a result of interest alone on this account comes to Rs.7 lakhs per month. This is not a happy position, particularly in view of the tight financial liquidity position. Efforts may therefore, be concentrated to liquidate the finished stock and bring them within the norms. Sundry debtors also need special attention for realisation to maintain liquidity'. It would however, be seen from para 10.6 that finished goods exceeded Rs.18 crores as on 31st March 1988, Rs.13 crores as on 31st March

1989, Rs.14 crores as on 31st March, 1990 and Rs.16.05 crores as on 31st March 1991 respectively, indicating insufficient marketing efforts. The Ministry stated that the very fact that the inventory had come down to Rs.14 crores in 1990 which was within the norms, was indicative of the efforts made by the Company. It may however, be seen that in 1991 the inventory again rose to Rs.16.05 crores.

10.12 The non moving/obsolete items held by the mills which stood at Rs.23.23 lakhs in 1983-84 came down to Rs.10.98 lakhs in 1988-89 but rose again to Rs.16.46 lakhs in 1989-90 and Rs.18.92 lakhs in 1990-91 as would be seen from the statement below :

Name of the Mills	1983-84	84-85	85-86	86-87	87-88	88-89	89-90	90-91
Azam Jahi	6.06	6.06	5.80	5.48	-	1.22	1.22	5.26
Mysore	3.62	4.97	5.67	2.31	2.25	2.41	5.99	4.27
Minerva	4.42	4.03	3.65	3.41	3.41	1.91	1.37	1.79
M.S.K.	0.86	2.16	2.16	2.81	2.33	1.43	3.98	3.57
Parvathi	0.17	-	-	-	0.47	1.11	1.13	1.53
Total (Composite Mills)	15.13	17.22	17.28	14.01	8.46	8.08	13.69	16.42
Total (Spinning Mills)	8.10	5.11	5.45	5.83	4.72	2.90	2.77	2.50
Grand Total	23.23	22.33	22.73	19.84	13.18	10.98	16.46	18.92

10.13 Though provision had been made for obsolete items, disposal was rather slow with the result that during the last two years the stock level of such items increased resulting in locking up of scarce funds in dead inventory.

11. PROFITABILITY ANALYSIS

11.1 The following table indicates the financial position of the Company for the eight years ending 1990-91:

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
				(Rs. in lakhs)				
LIABILITIES								
a) Paid up Capital	2,640.68	2,640,68	3,195.70	3,257.80	3,940.23	5,019.79	5,152.79	5,268.97
b) Reserves and Surplus	759.85	781.15	740.59	761.47	759.56	766.19	797.12	914.01
c) Borrowings:								
i) Long Term Loans	5,033.85	7,635.73	8,817.01	10,045.12	11,418.87	12,789.80	14,734.26	15,457.30
ii) Deferred Credit	0.19	-	-	-	-	-	-	-
iii) Cash credit and Temporary Loan	1,041.67	1,308.57	1,608.38	1,742.73	1,861.96	1,921.42	1,613.93	2,067.69
d) Trade liabilities including provisions	2,590.54	2,674.01	2,408.43	3,190.53	3,893.34	4,040.50	4,016.11	6,195.64
	12,066.78	15,040.14	16,770.11	18,997.65	21,873.96	24,537.70	26,314.21	29,903.61
ASSETS								
e) Gross Block	4,670.43	5,124.57	5,447.03	5,670.64	6,029.29	6,251.03	6,509.09	7,239.89
f) Less Depreciation	1,449.57	1.873.26	2,001.37	2,367.20	2,782.54	3,142.87	3,490.16	3,919.94
Net Block	3,220.86	3.251.31	3,445.66	3,303.44	3,246.75	3,108.16	3,018.93	3,319.95
g) Capital work-in-progress and other assets	223.62	136.57	178.02	106.57	68.71	90.67	257.84	674.97
h) i) Investments	15.31	15.51	15.46	15.49	15.49	15.63	3.39	1.80
ii) Current Assets, Loans & Advances	4,561.09	5,313.68	5,697.24	6,191.79	6,979.17	7,692.42	8,637.68	10,664.48
iii) Cumulative loss	4,045.90	6,323.07	7,433.73	9,380.36	11,563.84	13,630.82	14,396.37	15,242.41
	12,066.78	15,040.14	16,770.11	18,997.65	21,873.96	24,537.70	26,314.21	29,903.61
Capital employed	5,487.10	6,187.00	7,068.95	6,434.37	6,419.03	6,922.67	8,216.38	8,700.21
Net worth	-645.37	-2,901.24	-3,497.44	-5,361.09	-6,864.05	-7,844.84	-8,446.46	-9,059.43

Notes: i) Capital employed represents net fixed assets plus Working Capital.

ii) Net worth represents paid up capital plus Reserves and surplus less intangible assets.

iii) Current Liabilities and provisions include Bills Discounted.

The Company had been incurring losses continuously even since its inception except in 1978-79 and 1979-80. The accumulated loss which stood at Rs.10 crores as on 31st March 1981 rose to Rs.152.42 crores by the end of March 1991. It was 295.81 per cent of the paid up capital and 50.97 per cent of the total assets.

11.2 The working results of the Company for the last eight years ended March 1991 were as follows :

(Rupees in lakhs)

	1983-84	% to V.O.P	1984-85	% to V.O.P	1985-86	% to V.O.P	1986-87	% to V.O.P	1987-88	% to V.O.P	1988-89	% to V.O.P	1989-90	% to V.O.P	1990-91	% to V.O.P
Sales	8016.98		8664.28		9657.86		10189.34		9868.85		11460.99		14735.95		14885.01	
Value of Production	8021.50	100.00	8916.21	100.00	10277.18	100.00	9667.26	100.00	10623.68	100.00	11034.55	100.00	14702.71	100.00	15121.43	100.00
Raw Materials	3975.58	49.56	4808.92	53.93	4768.65	46.40	4148.97	42.92	5567.50	52.41	6462.56	58.57	7502.83	51.03	7621.00	50.40
Variable Expenditure	1554.33	19.38	1838.85	20.63	2262.65	22.02	2335.18	24.15	2277.93	21.44	2200.11	19.94	2584.01	17.58	2834.60	18.75
Contribution	2491.59	31.06	2268.44	25.44	3245.88	31.58	3183.11	32.93	2778.25	26.15	2371.88	21.49	4615.87	31.39	4665.83	30.85
Fixed Expenditure excluding interest & depreciation	3158.44	39.37	3511.80	39.39	3650.54	35.52	4067.03	42.07	4053.08	38.15	3664.63	33.22	4374.29	29.75	5065.84	33.50
Loss for the year before interest & depreciation	560.38	6.99	1124.75	12.62	354.97	3.46	716.39	7.41	1160.08	10.93	1115.56	10.10	+522.26	+3.56	+247.63	+1.43
Depreciation	395.33	4.93	440.86	4.94	355.07	3.45	377.33	3.90	417.64	3.93	380.75	3.45	417.36	2.84	446.19	2.95
Loss before interest	955.71	11.91	1565.61	17.56	710.04	6.91	1093.72	11.31	1577.72	14.86	1495.81	13.55	+104.90	+0.72	198.58	1.52
Interest	556.68	6.94	701.97	7.87	619.51	6.03	768.25	7.95	677.29	6.37	727.84	6.60	706.61	4.81	687.86	4.54
Total Loss	1512,39	18.85	2267.58	25.43	1329.55	12.94	1861.97	19.26	2255.01	21.23	2223.65	20.15	601.71	4.09	886.44	5.86
Prior Period adjustments	38.34		9.59		+218.89		63.78		8.40		+156.87		163.84		+40.40	
Net Loss	1550.73	19.33	2277.17	25.51	1110.86	10.80	1925.75	19.92	2263.41	21.30	2066.98	18.73	765.55	5.21	846.04	5.59

11.3 The contribution ranged from 21.49 per cent to 32.93 per cent of the value of production during the eight years (1983-84 to 1990-91). It was not even sufficient to cover salaries and wages till 1988-89 resulting in heavy cash losses. Heavy interest burden and depreciation further added to the losses. As a result of buoyant market conditions in 1989-90 and 1990-91 the contribution was adequate to meet all fixed expenses excluding interest and depreciation.

11.4 While the cash loss (Net loss - depreciation) was the lowest (Rs.348.19 lakhs) in 1989-90 it was very high in 1984-85 (Rs.1836.31 lakhs), 1987-88 (Rs.1845.77 lakhs) and 1988-89 (Rs.1686.23 lakhs).

11.5 A mill-wise picture of loss/profit during the last eight years given in Annexure IV revealed the following :

While all the composite mills were incurring substantial losses exceeding Rs.2 crores in each of the mills, seven of the eleven spinning mills earned profits during 1990-91. The mills which were incurring losses, put together, were continuously incurring cash losses ranging from Rs.9.99 crores (1985-86) to Rs.20.64 crores (1984-85). While composite mills were the major contributories of cash losses ranging from Rs.8.81 crores (1985-86) to Rs.16.18 crores (1988-89), spinning mills which incurred cash losses ranging from Rs.1.30 crores (1985-86) to Rs.4.63 crores (1984-85) during the six years ended 1988-89, earned cash profits of Rs.9.37 crores in 1989-90 and Rs.8.47 crores in 1990-91.

The Corporate Plan for the period 1990-95 approved (in December 1990) by the Board of Directors of the Company envisaged that by 1990-91 the Company as a whole would turn the corner and earn a net profit of Rs.357.88 lakhs, which was expected to grow to Rs.1176.30 lakhs by 1994-95. In making this projection the Company had assumed over 90 per cent capacity utilisation in spinning and over 85 per cent capacity utilisation in weaving. The capacity utilisation achieved upto 1989-90 had not exceeded 80.48 per cent in spinning and 77.88 per cent in weaving. Even in 1990-91, where the Corporate Plan envisaged a capacity utilisation of 90.03 per cent and 86.33 per cent in spinning and weaving, the actual achievement was of the order of 79.67 per cent and 82.17 per cent respectively.

The Company stated (October 1991) that the reason for shortfall in achievements was that the assistance to be given to the mills for achieving the objectives projected in the Corporate Plan could not be rendered to the units to the extent envisaged. Keeping this in mind, the projections made in the Corporate Plan would appear to be optimistic and might not be achieved without sufficient injection of funds, improvement of efficiency and substantial cost reduction.

P.K. Sarkar

(P.K. SARKAR)

New Delhi
The 0 3 APR 1992

Deputy Comptroller and Auditor General
(Commercial)-Cum-Chairman, Audit Board

Countersigned

(C.G. SOMIAH)

New Delhi
The 0 3 APR 1992

Comptroller and Auditor General of India

ANNEXURE I (Ref Para 1.2)

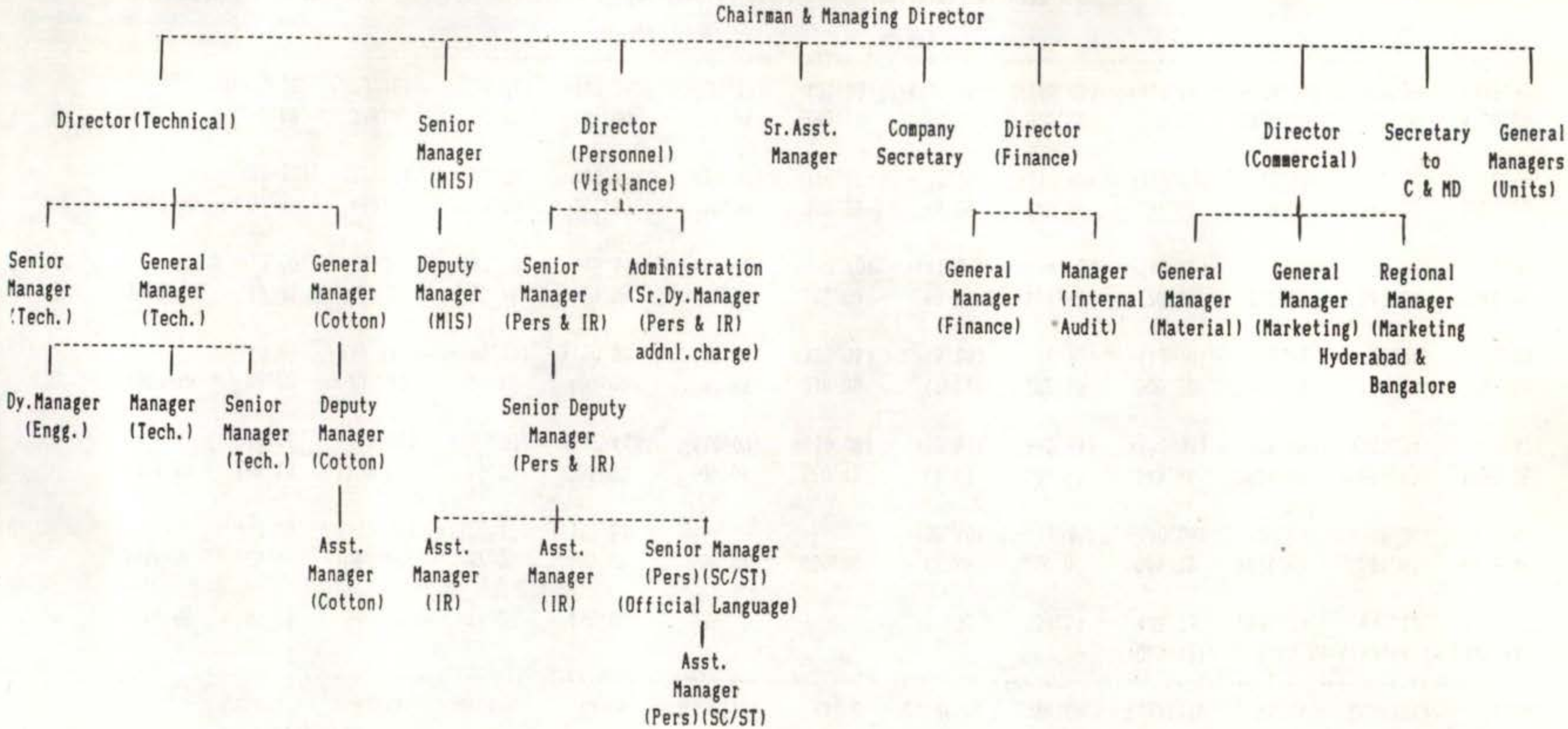
Name of the Mill	Year of commence-ment of the Mill	Date of takeover of mana-gement by NTC, New Delhi	Date of transfer to the subsidiary **	Installed Capacity At the time of takeover		As on 31.3.91
ANDHRA PRADESH						
*Azam Jahi Mills Warangal	1934	30.4.71	8.1.75	Spdls.	:42,536	34,688
				Plain Looms:	726	726
Netha Spinning Mills Secunderabad	1961	26.1.72	-do-	Spdls.	:12,064	25,264
Natraj Spinning Mills Nirmal	1962	10.8.72	-do-	Spdls.	:12,000	22,000
Anantapur Cotton Mills Tadapatri	1957	1.11.72	-do-	Spdls.	: 3,024	32,188
Tirupathi Cotton Mills Renigunta	1956	23.9.74	-do-	Spdls.	: 21,440	30,320
Adoni Cotton Mills, Adoni	1952	19.8.76	25.9.76	Spdls.	: 12,000	20,800
KARNATAKA						
*Mysore Spinning & Manufac-turing Mills, Bangalore	1884	19.10.71	8.1.75	Spdls.	: 51,692	--
				Looms(Auto):	287	327
				(Plain):	312	--
*Minerva Mills, Bangalore	1918	19.10.71	-do-	Spdls.	: 40,144	26,368
				Looms:Plain:	484	75
				Auto :	292	224
*M.S.K. Mills, Gulbarga	1884	16.11.72	-do-	Spdls.	: 34,392	24,932
				Looms:Plain	512	480
Sreee Yallamma Cotton, Wollen & Silk Mills, Davangere	1955	20.12.72	-do-	Spdls.	: 7,424	29,264
KERALA & MAHE						
Cannanore Spinning & Weaving Mills, Cannanore.	1955	8.11.72	-do-	Spdls.	: 20,000	24,800
Vijaya Mohini Mills, Trivandrum	1946	9.11.72	1.5.75	Spdls.	: 25,316	30,476
Parvathi Mills,Quilon	1884	14.7.72	30.8.76	Spdls.	: 22,064	23,528
				Looms(Plain):	300	76
				(Auto) :	80	84
Kerala Lakshmi Mills, Trichur	1960	11.11.72	1.5.76	Spdls.	: 30,960	41,328
Alagappa Textile Mills, Alagappanagar	1943	8.6.72	30.8.76	Spdls.	: 36,288	49,564
Cannanore Spinning & Weaving Mills, Mahe	1964	2.5.72	8.1.75	Spdls	: 20,160	30,240
			TOTAL SPINDLES		3,91,504	4,45,760
			TOTAL LOOMS		2,993	1,992

* Composite Mills, others are Spinning Mills

**Though the Mills were transferred on different dates the effective date of transfer was taken as 1.4.74 except in case of Vijayamohini, Parvathi, Kerala Lakshmi and Alagappa Mills for which the effective date was 1.4.76.

Annexure - II (Refer Para 2.1)

NATIONAL TEXTILE CORPORATION (APKK&M) LIMITED, BANGALORE



ANNEXURE III

COMPOSITION OF SALE OF CLOTH
(Refer para 7.5)

(Quantity in Lakh Mtrs/Value in Lakh Rs.)

Year	Controlled cloth through NCCF		DGGS&D		Institutions		Export		Local Markets and others		Total	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1984-85	163.25	933.44	14.30	190.00	--	--	31.35	354.64	438.23	2697.24	647.13	4175.32
1985-86	175.96 +(7.79)	1063.43 +(13.93)	32.00 +(123.77)	485.50 +(155.53)	80.94 --	600.00 --	43.39 +(38.40)	310.80 -(12.36)	261.78 -(40.26)	2075.67 -(23.04)	594.07 -(8.20)	4535.40 +(8.62)
1986-87	165.13 -(6.15)	1122.61 +(5.56)	15.03 -(53.03)	255.00 -(47.48)	89.09 +(10.07)	660.41 +(10.06)	44.68 +(2.97)	302.57 -(2.64)	343.94 +(31.38)	2624.66 +(26.45)	657.87 +(10.74)	4965.25 +(9.47)
1987-88	83.20 -(49.61)	701.90 -(37.48)	29.42 +(95.74)	487.00 +(90.98)	30.65 -(65.60)	296.86 -(55.05)	47.21 +(5.66)	282.18 -(6.73)	300.28 -(12.70)	2301.56 -(12.31)	490.76 -(25.04)	4069.50 -(18.00)
1988-89	72.39 -(13.00)	629.02 -(10.38)	21.26 -(27.73)	410.00 -(15.81)	11.74 -(61.70)	182.00 -(38.70)	66.87 +(41.64)	464.90 +(64.75)	170.48 -(43.22)	1860.42 -(19.17)	342.74 -(30.16)	3546.34 -(12.80)
1989-90	51.67 -(28.62)	490.49 -(22.02)	7.90 -(62.84)	161.00 -(60.73)	10.37 -(11.67)	310.95 +(70.85)	74.05 +(10.74)	545.91 +(17.42)	197.02 +(15.57)	1719.20 -(7.59)	341.01 -(0.50)	3227.55 -(8.99)
1990-91	40.63 -(21.36)	376.91 -(23.16)	10.80 +(36.71)	187.00 +(16.14)	7.21 -(30.47)	243.00 -(21.85)	86.60 +(16.95)	920.69 +(68.65)	229.82 +(16.64)	2994.67 +(74.19)	375.06 +(9.99)	4722.27 +(46.31)

Note: Figures in brackets indicate percentage of increase(+)/decrease(-) over previous year.

ANNEXURE - IV

STATEMENT SHOWING MILLWISE LOSS/PROFIT
(Refer to para No.11.5)

Name of the Mill	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
			(Rs. in lakhs)					
1. Azam Jahi	212.97	379.56	210.75	323.77	398.48	382.29	320.79	297.18
2. Mysore	348.88	435.60	270.03	286.03	366.71	433.86	392.65	291.29
3. Minerva	320.87	450.59	262.87	361.05	405.51	461.55	331.92	273.21
4. M.S.K.	233.14	374.33	228.39	204.93	470.95	322.00	244.50	381.91
5. Parvathi	135.56	174.14	48.58	74.82	143.34	162.33	156.17	201.17
TOTAL(COMP)	1251.42	1814.22	1020.62	1250.60	1784.89	1762.03	1446.03	1444.76
6. Ananthapur	35.48	73.64	85.46	113.15	95.10	127.54	- 23.40	- 37.51
7. Alagappa	71.97	94.53	+14.26	78.13	92.71	12.69	+109.18	+131.15
8. Adoni	33.27	68.35	20.36	31.24	51.98	46.16	- 48.92	- 12.33
9. Cannanore	51.19	52.63	36.10	37.32	2.59	9.18	+101.25	+ 96.77
10. Mahe	24.05	54.07	30.41	4.37	9.16	11.24	+122.48	+ 98.27
11. Kerala Lakshmi	18.40	52.53	5.84	32.55	48.62	15.71	+159.26	+127.89
12. Nataraj	23.04	54.07	32.98	26.39	25.12	46.18	+ 37.81	+ 14.44
13. Netha	27.72	55.09	26.86	18.73	37.96	56.36	+ 1.78	- 39.34
14. Tirupathi	5.25	12.26	+15.02	14.92	23.64	4.37	+ 81.37	+ 21.60
15. Vijayamohini	55.83	75.65	33.24	23.20	26.07	20.99	+104.49	+124.84
16. Yallamma	78.33	127.64	117.52	163.82	138.85	144.12	+ 11.04	- 63.55
TOTAL(SPG)	424.93	720.46	359.49	543.82	551.80	494.54	+656.34	+462.23
GRAND TOTAL	1676.35	2534.68	1380.11	1794.92	2336.69	2256.57	-789.69	-982.53

ERRATA

Page No.	Line No.	For	Read
5	5	frrom	from
5	34	Rs.1046.14 lakhs	Rs.1016.14 lakhs
10	24	3 to 14 months	3 to 12 months
19	14	19.75	19.73
20	Total of the last ietm of the table.	292.62	299.62
20	Figure for R&M in respect of 1986-87	53.46	63.46
21	26	prepartory	preparatory
22	Table	--	Last item of the table (shortfall in production due to idle loomage) is "in lakh metres" converted to 40s and other items of the table are 'in lakhs'.
23.	14	31st March 1990	31st March 1991
26	Sl. No.4 of the table	(in rupees)	(in lakh rupees)
27	Figures in 10th line under 1988-89 against W.	3.04	75.02
28	14	to LPI	of LPI
31	3	quantity in lakh Kgs	quantity in lakh metres
31	12-13	698.42 lakh Kgs. in 1983-84 to 375.06 lakh Kgs. in 1990-91	698.42 lakh metres in 1983-84 to 375.06 lakh metres in 1990-91.
32	Table at Para 7.6	-- -	Figures are 'in lakh metres'
35	23	51.43	51.03
35	23	50.35	50.40
44	2	Rs. in lakhs	Rs. in crores

44	3	7.02	7.04
44	4 (from bottom)	6.5 months	6.85 months
48	2	even	ever
49	<u>Table</u> 'Loss for the year before interest & depreciation in respect of 1990-91 and '% to VOP;	247.63 1.43	247.51 1.64
49	'Loss before interest' in respect of 1990-91 and '% of VOP'	198.58 1.52	198.68 1.31
49	'Interest' in respect of 1990-91 and '% of VOP'	687.86 4.54	687.76 4.55
50	16	miills	mills
50	22 to 24	or Rs.4.63 crores (1984-85)....... and Rs.8.47 crores in 1990-91.	to Rs.16.18 crores (1988-89), spinning mills which incurred cash losses ranging from Rs.1.30 crores (1985-86) to Rs.4.63 crores (1984-85) during the six years ended 1988-89, earned cash profits of Rs.9.37 crores in 1989-90 and Rs.8.47 crores in 1990-91.