



A STUDY ON OPERATIONAL EFFICIENCY OF TEXTILE INDUSTRY IN COIMBATORE DISTRICT

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Abstract:

In textile industry operational efficiency is to be measured to achieve a strong long lasting and growth oriented results, whether to be in a developed country or developing country. The study was carried out for the period of five years (2012-17) to analyze the operational efficiency of the Lakshmi Mills are taken for study. The secondary data needed for the study was collected from the balance sheet of organization for the research. The tools used for analysis is ratio analysis of the balance sheet. The study concludes that this textile industry maintain good solvency in order to meet short term and long term obligations of the organization.

Key Words: Textile, Industry, Operational Efficiency, Ratios, Long Term, Short Term & Etc.,

Introduction:

In recent days India is emerging as the manufacturing hub of the world. Indians have proven that they can ahead in the field of information technology, automobiles, textiles and business process outsourcing in the last few years. Textiles industry plays a fundamental part of human life science since the beginning of civilization and the methods and materials used to make them have expanded enormously, paving way for innovations and inventions. In textile industry operational efficiency is the backbone and is to be measured to achieve a strong long lasting and growth oriented results, whether to be in a developed country or developing country. With the help of operational efficiency in textile industry waste can be minimized and resource can be maximized for providing quality goods and services to consumers.

Review of Literature:

S. Sathya and Dr. R. Umarani (2015) analyzed the financial performance of the company and the 5 companies are Lakshmi Mills, Bannari Amman Spinning Mill, Sri Ramakrishna Spinning Mill, Kpr Spinning Mill and Super Spinning Mill are taken for study. The secondary data needed for the study was collected from the published websites of organization for the research. The statistical tools used for analysis is comparative ratio analysis of the balance sheet. The research findings from the analysis were discussed in detail and suggestions for corrective actions like maintaining adequate finance in the organization.

S. Kavitha and Dr. M. Gomatheeswaran (2018), evaluate the financial performance of Lakshmi Mills, Bannari Amman Spinning Mill, Sri Ramakrishna Spinning Mill, Kpr Spinning Mill and Super Spinning Mill are taken for study. The statistical tools used for analysis is comparative ratio analysis of the balance sheet. The research findings from the analysis were discussed in detail and suggestions were given for the textile industry to increase their performance.

A. Sabarirajan, T. Meharajan, B. Arun revealed the employees welfare in textile Industry. The area selected for the research was Salem District in Tamilnadu. The research shows that majority 39% of the employees are average with their welfare measures. It results in improved quality of work life. This study throws light on the impact of welfare measures on QWL among the employees of textile mills in Salam district.

Need of the Study:

- ✓ To know the present scenario of textile industry.
- ✓ To know the financial performance of Lakshmi Mills.
- ✓ To know the operation efficiency of Lakshmi Mills in Coimbatore District.

Objective of the Study:

- ✓ To analyze the overall operational efficiency of Lakshmi Mills of in Coimbatore District.

Limitations of the Study:

- ✓ The results are based upon the financial information collected for the study.
- ✓ The statistical method used to analyze the data has their own limitation.
- ✓ All the limitations of secondary data are applicable to this study.
- ✓ Result of the study is limited to selected companies.

Research Methodology:

The study is based on secondary data. Secondary data has been collected from various related journals, Magazines, balance sheet and textbooks. This study is based on the Five years Annual report of the Lakshmi Mills from 2012-2017.

Statistical Tools Used for the Study:

- ✓ Ratio analysis

Analysis and Interpretation:

Table 1: Activity Ratios

Year	Inventory Turn Over	Debtors Turn Over	Creditors Turn Over	Working Capital Turn Over	Capital Turn Over	Total Assets Turn Over	Fixed Asset Turn Over	Average of Activity Ratio
2012-13	6.73	7.07	5.07	2.63	0.41	0.34	0.44	3.24
2013-14	7.76	7.53	5.08	2.88	0.44	0.38	0.49	3.47
2014-15	9.35	6.85	3.87	3.67	0.56	0.56	0.76	4.56
2015-16	10.98	6.73	3.53	2.78	0.34	0.45	0.74	0.78
2016-17	11.91	5.94	4.62	4.98	0.45	0.83	0.65	3.89

The above table reveals that Lakshmi Mills inventory turnover ratio was 6.73 percentages in 2012-13 which gradually increased to 11.91 percentages in 2016-17. Debtors turnover ratio was 7.07 percentages in 2012-13 which gradually decreased to 5.94 percentages in 2016-17. Creditors turnover ratio was 5.07 percentages in 2012-13 which gradually decreased to 4.62 percentages in 2016-17. Working capital turnover ratio was 2.63 percentages in 2012-13 which gradually increased to 4.98 percentages in 2016-17. Capital turnover ratio was 0.41 percentages in 2012-13 which gradually slightly increased to 0.45 percentages in 2016-17. Total asset turnover ratio was 0.34 percentages in 2012-13 which gradually increased to 0.83 percentages in 2016-17. Fixed asset turnover ratio was 0.44 percentages in 2012-13 which gradually increased to 0.65 percentages in 2016-17. Average of activity ratio was 3.24 percentages in 2012-13 which gradually increased to 3.89 percentages in 2016-17

Table 2: Rate of Return on Assets Ratio

Year	Return on Asset (ROA)
2012-13	7.45
2013-14	8.76
2014-15	5.89
2015-16	7.57
2016-17	8.67

The above table reveals that Lakshmi Mills ROA ratio was 7.45 percentages in 2012-13 which is gradually declining and it came down at 5.89 percentages in 2014-15 and 8.67 percentages in 2016-17. In 2013-14 exceptional performance has been noticed. This ratio is low and indicating that Lakshmi Mills efficiency of utilization of assets in generating revenue is to be improved.

Conclusion:

Textile industry plays a vital role in India. Due to Liberalisation, Globalisation and technological has made drastic changes for companies to import high capacity machines to increase production. The Indian textile industry has a important place in the economy as well as in the international. Lakshmi Mills operationally efficiency allows to make transactions that progress the market further toward the overall goal of prudent capital allocation. The Return on Assets ratio is a central measure of the overall profitability and operational efficiency of Lakshmi Mills. The study concludes that this textile industry maintain good solvency in order to meet short term and long term obligations were given wherever applicable.

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