Chapter -XIII: Summary and Suggestions.

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Chapter-II : Industrial Development- Regional Imbalance and State Policy.

The real beginning of modern industrial development began in India after World War out of necessities felt by the Britishers. After independence the Government since First Five Year Plan has been active in developing the nation industrially. There were, however, many hurdles to be confronted in the industrial development of the various states. The state of Maharashtra is not ex-cheewed from this. Although there has been industrial development in Maharashtra, the same has been concentrated in Bombay and the adjoining three districts of Thane, Pune and Nasik. This has caused the regional imbalances. The regional imbalances are more marked in Maharashtra than any other states from the South India. In Maharashtra, Western areas in and around agglomeration of Bombay and some districts of the regions are well developed industrially, other are simply developing and yet others especially from Marathwada and Vidharbha are at the lowest rung of the ladder, so far as the economic development are concerned.

The causes of such regional imbalances are not far off to seek. There are areas like Konkan and some portion of mountainous Vidharbha which are remained backward
because of their topography. As contrast to this the large portion of Vidharbha and Marathwada, despite the potentialities of development and good accessibilities remained underdeveloped only because of traditional behaviour of the elected leaders and Government bureaucrats who used to overlook and bungle the case of economic development of Marathwada. Even upto mid-eighties the economic development of Marathwada was not satisfactory. The various developmental indicators show the poor case of Marathwada both on industrial and economic grounds.

Suggestions:

: The need to recoupe developmental back-log of Marathwada must be given due weightage in the State Planning.

: Both the industrial and agricultural development must go hand in hand, since the industrial development of Marathwada is agricultural resource based.

: Rail road expansion through the region must be made in coming years.

: The available water must be used economically by using sprinkled water system.

: Planning must be made flexible and should be done in the favour of poor people.
Chapter III: Performance and Financial Appraisal of MDC.

Agricultural was main occupation of the people in Marathwada. But the condition of agricultural had not been improved in the Regime of Nizam. So also there were very few efforts in developing the industries in the region. Up-till sixties the Marathwada was, both on agricultural and industrial fronts fully discarded. The discredit of this goes to the political leaders who were unable to snatch the planning outlay for the development of Marathwada. After sixties much efforts have been made to attain the economic development of this region. However, as proved by the Dandekar Committee appointed in 1976, the region Marathwada is having all the characteristics of underdeveloped economy. Though many institutions financing as well promotery have been active in altering the lot, the region is yet to be developed in par with to that of Western Maharashtra.

Among the various agencies the MDC, is one, which since the end of sixties has assumed a task of industrial and economic development of Marathwada. The main objects of the Corporation are to promote, encourage and assist the orderly establishment, growth and development of
industries and industrialization in Marathwada region and to prepare, undertake and promote industrial project solely or jointly with the Government or any Company, Corporation etc. for industrial development of Marathwada Region.

The MDC in the process of launching any industrial project practises the following phases :-

: Project Identification
: Project Formulation
: Project Implementation and Financing
: Management (including production) and Marketing.

In order to create the atmosphere of the industrialization and boost the confidence of the people at large the MDC has promoted the following companies by practising all the phases referred to above :-

a) Powerloom Weavers' Cooperatives (Industrial Cooperative Society)
b) Texcom Corporation of Marathwada Ltd.
c) Leather Industries Corporation of Marathwada Ltd.
d) Kinwat Roofing Tile Ltd.
e) Godavari Garment Ltd.
f) Parbhani Krishi Gosanvardhan Ltd.
g) Dairy Development Corporation Marathwada Ltd.

The projects like Marathwada Cement Udyog, Krishi Udyog, Oil Industries, Mini-Industrial Estates etc. are in their installing stages.

Beside direct participation in the industrial activities, the MDC has a promotory role in industrial development. Entrepreneurship Development Programme, Training the people for work on the technical plant, Coordination the work of various industrial units, identifying new projects for the purpose of potential entrepreneurs, planning for Agro-industrial Development, Arranging Compatible environment for ancillary industries, executing the loan scheme for educated unemployed, arranging the package incentive schemes for the industrial entrepreneurs, Promoting the mini-industrial complex and arranging the programme for executive development are the promotory activities which are being executed by the MDC.

The following financial variables of 1984 provides information about the financial strength of the MDC and its ability to do the work :-
The paid up capital of the MDC was to the tune of Rs. 6.81 crores as against the authorised capital of Rs. 10/- crores. The total amount of capital employed was to the size of Rs. 1,486.90 lakhs and liabilities amounted to Rs. 2,357.93 lakhs.

The percentage of debt to equity was 258. During the many years the same was notably higher.

The percentage of trade dues to share capital was more than 100 in 1979-80, but after that the same reduced on account the MDC's dis-association in the task of supplying the raw materials to Powerlooms.

The percentage of value of net fixed assets to borrowings was 2.90 and to capital employed was 1.72%. This shows that the MDC invests very small funds in the fixed assets.

Percentage of borrowings to investment was 41.91, current assets to borrowings was 85.72% and loans and advances to borrowings was 135.62. It means that the MDC not only exhausted borrowed funds for the above purposes but also used its share capital.

The amount of unsecured loans as compared to secured loans has always been larger in size.

The loans and advances increased from Rs. 185.11 lakhs in 1974-75 to Rs. 1,185.75
lakhs in 1983-84. The percentage of loans and advances to capital employed in most of the years was more than 70.

The total amount of accumulated losses on the account of MDC was to the size of Rs. 32.75 lakhs. During the ten years under review (1974-75 to 1983-84), in six years the MDC experienced losses.

Suggestions:

On the whole it is seen that the MDC is promotory agency. The work of MDC may be made fruitful if the following course of action is undertaken:

- The region Marathwada is handicapped by inadequacy of the rail transport. The MDC may undertake the task of rail road development by floating the debentures or shares in the market. A special Rail Road Development Corporation for Marathwada may be instituted. Those who finance the rail road corporation may be given freight or fare concession for some period of time.

- Water shortage is the cause for happening the agricultural base industry. It is hence suggested that the MDC should develop the system of sprinkled irrigation by initiating the industrial units producing the machinery and equipments required for this system.
The overall management of the MDC is not found to be enlightening and having a scientific attitude. There is a need to rationalize all the cadres of the management.

The internal control over the various affairs of the MDC is too weak to materialize the profit and hence the same should be improved.

The political influence over the various bodies of the MDC, caused to take discretionary decisions leading to the losses to the Company. A project like Bicycle production at Osmanabad is bare testimony of this. It is now high time to reconsider the issue of political influence prevailed over the various bodies of the MDC.

The post of Chairman, filled by the Government by nomination should have the ten years tenure so as to ensure the long run stability in the policy.
Chapter IV: Power-loom Project.

The textile project of MDC is divided into three parts i.e. pre-weaving, weaving and processing. Of these three parts, the MDC has decentralised the weaving part horizontally under cooperative sector. This is done for bringing the rural artisans under the industrial activities. Besides, the setting up of powerlooms in the form of cottage industries leads to yield all the benefits of such industries in the favour of rural people. The base of cooperative form of management to this powerloom industry is found useful in overcoming all the odds of the large sized textile mill, and hence the MDC introduced the powerloom project under the roof of cooperative sector. Although the task of bringing the weavers under the cooperative form of business was difficult the MDC did the same by way of providing the liberal financial assistance. The other financing institutions including the banks had also helping hand in this venture. The total number of society is now 55. During the initial stage the MDC purposefully avoided to conduct the election of the societies so as to avoid ill-elements of such elections. The capital sources of the society are mainly coming by way of share capital and loans. The following
significant facts are noticed in the affairs of the society:

: The location of the powerloom units in the rural areas is done in the light of availability of the handloom weavers, land, water, power and market.

: The capital cost of the project against per society in 1974 was to the size of Rs. 9.60 lakhs and by the end of mid-eighties it rose upto 22/- lakhs.

: The MDC, nationalised banks and financing institutions have met substantial needs of fixed and working capital.

: The members of the society are indulged in several undesirable practises such as acting as absentee members but enjoying all the benefits, transferring of memberships to heirs who are not weavers, etc.

: Internal control in the most of the societies is weak.

: The quality of the cloth produced is found inferior.

: Organization of the society is too informal and members do not like control over their work.

: Most part of the expenditure of the society consists of raw material and power bill.
53% powerloom cooperatives were in losses, 13% were in no profit no loss.

Poor condition of machines, awaiting repairs, ruined moral of the members, inferior production of cloth are the main reasons for losses.

- II -

The historical perspective of the affairs of powerloom projects brings out the following aspects:

The beginning of powerloom project was encouraging since it aimed the promotion of this project in the rural areas for providing the employment to rural artisans.

The MDC's participation in installation of sheds and machinery helped the weavers very much.

Shortage of power supply has been cause to suspend the production at several occasions.

The shortage of yarn supply used to hamper the viability of the Societies.

The year 1976-77 envisaged the fair weather on the lot of cooperatives since the MDC had managed to get the interest dues as exempted for ever. So also the production was also reached the record level height of 200/- lakhs of metres.
Suggestions:

1. **Need for Revitalization and Reorganization**:

As most of the powerloom cooperatives are working on non-viable basis, the first imperative necessity is to make them strong and viable units. A scheme for revitalization and re-organization should be drawn for each of nine locations and more and more emphasis should be laid on consolidation and viability rather than on expansion and target hunting. By concentrated efforts, attempt should be made to revive non-viable units. But Societies, which are in a hopeless state of affairs and where there is a chance of revival, should be liquidated.

2. **Provision of Raw Materials**:

The MDC should take active steps in gearing the activities of spinning mills. So also new spinning mills should be established. The cotton production should be encouraged by giving bonus against rising scale of production effected by individual farmer.
3. Marketing Facilities:

If TEXCOM finds inconvenient in purchasing grey-cloth produce by the powerloom societies, other alternative arrangements should be made in advance.

4. Provision of Credit Facilities:

Though the adequate credit facilities are the need of powerloom cooperatives, the recovery of credit is not aptly managed. The urban cooperative banks may be requested to extend the credit facilities.

5. Modernization:

The importance of modernization for powerloom units can hardly be exaggerated. This aspect is now considered of most crucial importance for existence. The term modernization implies rationalization of structure, training of workers, research and experimentation and the orientation of the attitude of workers on one hand and installation of suitable machinery on the other. It will lead to the lowering of the cost of grey-cloth.
Chapter V: LICOM Project.

There was up to mid-seventies no tanning and processing unit in Marathwada. The hide owners for want of established tannery in the region had to sale their products to the middlemen at very small price. All these hide sellers are traditionally from the weaker section of the society. The MDC, therefore, had assumed its duty to take care of such weakest section of the society. In an addition to this there was a need to explore the village resources. Thus the MDC kept before it an ideal of economic exploitation of the available resources coupled with the social and economic uplift of the leather workers. With a view to bring this ideal in realities, the MDC has promoted the leather industries Corporation of Marathwada Ltd. The foundation stone of this Corporation was laid down in March 1974. Implementation of the project virtually commenced after the receipt of permission of the Government in 1976, May. The trial production was started in March 1977 i.e. after three years of foundation of the factory at Bhir. The viability of the factory during the ensuing of 1977 was fair for first two years but later on it ruined and the functioning of the LICOM stood still since mid-eighties.
The various financial components or variables given below highlights the state of affairs of the LICOM.

LICOM by the end of 1977 raised the share capital worth of Rs. 24/- lakhs and by the end of 1984 the same rose upto Rs. 53.50 lakhs. In 1984 the secured and un-secured loans to its account were respectively Rs. 35.81 and Rs. 39.06 lakhs. As against this financial resources the accumulated losses upto 1984 piled up to Rs. 97.52 lakhs causing to lead net worth of the business almost negative.

Percentage of funded debt to total capitalization was 56 revealing too heavy burden to carry on smoothly. It is also noticed that the percentage of long term loans was 171% of the worth of equity capital.

The value of fixed assets in 1984 amounted to Rs. 31.28 lakhs as against the purchase cost of Rs. 54.18 lakhs. The most discouraging feature was that in no year the assets were fully utilized on account of number of reasons.

The current ratios worked out for LICOM reveals out the state of solvency of the unit.

The production and sales figures of LICOM had registered decline and loss figures registered rise.
On the whole it appears that the position of the LICOM is worst and it is difficult to improve. In fact the LICOM is useful to the hide sellers residing in the rural areas. There was no agency prior to it for the collection of hides from the villagers and from the small slaughter houses. However the LICOM did good for them and tried to eliminate the middlemen. Despite this, the LICOM experienced losses on account of the following major reasons:—

: The officials of LICOM were unable to contact the local Chamars like middlemen who give the advances against the future supply of hides. Sometimes these commission agents or middlemen act privately as money-lenders and stand in need of Chamars.

: The production of fallen hides and skin is casual, irregular and geographically scattered. Consequently the purchase of the same entails numerous difficulties.

: The LICOM officials had not established any contact with the butchers of urban slaughter houses.

: Hides and skins from Marathwada are generally inferior in quality due to lack of organization and defective method of curing and preserving hides. This affects the quality of the production.
Inexperienced staff, poor management, lack of coordination, supervision and internal control, frequent failure of electricity, higher wage demand, poor moral of the labour, absence of modern machinery, in-adequate financial planning etc. are the reasons to bring down the LICOM to ground.

Suggestions:

The following measures may be practised for revival of the LICOM:

There is a need to undertake a complete reorganization of the capital of the company by undertaking the re-valuation of the assets and liabilities.

The company should be equipped with the well-knit transport system for reaching into the rural areas. The excess capacity of such transport system may be utilized for the purpose of transporting the goods of traders etc. This will facilitate to have separate transporting unit, the primary aim of which is to facilitate the LICOM's transportation needs.

The people/Chamars may be adequately informed about the LICOM's objective. Further like middlemen, the LICOM should advance the money to hide owners in an anticipation of
future supply of hides. So also there is a need to act as money lenders at the times of needs of the hide owners.

The workers may be given the training at big tanneries located in Kanpur.

Both export and home market must be explored by effecting the appropriate sales promotion methods.

The village Chamars or hide owners may be given a training for curing and the preserving the hides so as to restore the quality of hides before processing on the plant of LICOM.
Chapter - VI : Dairy Development Corporation of Marathwada Ltd.

Marathwada Region being predominantly agriculture in nature, the activities of MDC have been oriented to strengthen the agricultural economy of the region. Hence the MDC has decided to start industries based on local resources. With this object in view, the Dairy Development Project has been promoted by the MDC. In this project, the quantative and qualitative aspects of milk yield had been emphasised upon. The assumption was that unless a dairy animal embodies in itself both of these aspects in an appropriate manner, the dairy farming may not be an acceptable and economically viable proposition. The stress, therefore, has been laid more on large scale cross breeding programme than on mere collection of milk. This project has the following achievements to its record :-

: Up to Mid seventies the more than lakhs of successful insemination were arranged through the various centres.

: An assistance from Bharatiya Agro-industries foundation (BAIF) had been sought for boosting the programme of artificial inseminations at the different places of the region. The necessary incentive was also provided by the corporation to BAIF and farmers extending the co-operation.
The help from the Animal Husbandry Department had also been taken for expanding the cattle development programme. This department was executing the Incentive Cattle Development programme and hence the Corporation (DDCM) had managed to avoid the overlapping in between two programmes. The Animal Husbandry Department strengthened the Veterinary services of DDCM because cross-bred cattle were highly susceptible to diseases. The Marathwada Krishi Vidyapith was also closely associated for higher and overall technological and veterinary guidance. Thus the DDCM made every attempt to percolate the modern technology at the door of peasants.

The DDCM has development rather than profit motive. Hence it had tried to orient the farmers by many ways. Under such orientation the information about the diseases and health of cross bred cows had been provided at various villages. The Corporation had also organized the local advisory committees consisting of the doctors and experts from the BAIF for providing the guidance to the needy farmers.

The loan requirements of the farmers were identified by the DDCM and it approached to State Co-operative Land Development Bank and commercial banks for securing the finances for the needy farmers. Many farmers got the loans due to efforts of DDCM. However about 50% farmers were defaulters of the Cooperative Credit
Societies and the banks were reluctant to give the loans to such farmers and hence the DDCM had to make special efforts for getting the loans in favour of those who were the habitual defaulters. Thus the DDCM had a hand to improve the condition of sick borrowers. This approach of the DDCM had assisted many farmers.

The Corporation had also approached to the General Insurance Corporation for reducing the cattle insurance premium and got the success and got relief in the favour of the peasants. Similarly the Agricultural Refinance Development Corporation had, upon the request of DDCM assisted the AI Blocks.

In order to demonstrate ideal cross-breeding and dairy practises and observe the results with various types of fodders and feeds the DDCM promoted a new company "Parbhani Krishi Gosavardhan Pvt. Ltd." and organised a farm at village Jam Samarth of Jalana District. (Samarth Krishi Gosavardhan Project – SKG Project).

The integrated plan for Dairy Development in 133 tribal villages of Kinwat taluka of Nanded district was instituted in 1977. Under this project about one thousand farmers got the benefits.

The DDCM so far upto mid-eighties organised more than sixty Artificial In-semination Centres at the various places of the Region.
About more than two lakhs of farmers got the direct or indirect benefits from such centres.

The DDGM has started an Ice Plant of 15 tonne capacity at Aurangabad with object of supplying ice to the dairy societies. The Corporation had made efforts to provide other inputs for milk production such as providing Kubabool and Hedge Lucern Seeds to the farmers. Besides this the Corporation had also undertaken the agency of Sugarcane Feed from the Maharashtra Agro-Industries Development Corporation Ltd.

The Corporation had rightly recognized the problem of scarcity of green fodders in dairy farming. The necessary efforts were made by the Corporation to grow the green fodders. The Corporation had arranged some demonstration plots of the green fodder so as to give information to the farmers. Similarly the Corporation stimulated the plantation of fodder oriented Chicory cash crop.

Despite the various achievements, the DDGM project experienced the set back. The reasons for set back are as follows:

1. In adequacy of finance caused to curtail the multiple number of ambitious programmes.
2. The lack of leadership from the office of DDGM has ruined down the moral of employees for
working without self.

: The heavy reliance of DDGM over the BAIF and the Government Department handicapped the growth of the Corporation on its own accord.

: Poverty stiction farmers and continued state of failure of monsoon in the region came in the way of smooth development of the various programmes of the Corporation.

: Lack of management expertise on the farms, on the AI centres, on the SKG project, on the distribution of Sugras Cattle Feed and on the Ice plant had brought down the enterprises in the shape of sick units.

: The financial status as reflected from the quantum of share capital, reserve and surplus, borrowings, current liabilities and debit balance of profit and loss account was found to be in-recoverable, unless restructuring of the assets, liabilities and functions has been undertaken.

: The lack of internal control was a cause to shattered the functioning of the Corporation. The personnel management was also found to be defective.

**Suggestions**:

The following suggestions may be advanced for the improvement in the functioning of the DDGM :-
There is a need to limit the functions of the Corporation so as to concentrate on few functions in depth.

There is a need to have a drastic change into the personal policy. The efforts may be made to institute the scheme of performance recording and performance evaluation of the individual worker and officer.

The ice plant operation is completely defective and its machinery is worn out. In fact there is a heavy demand for ice. Hence a complete new installation of the ice plant may be instituted and a fresh business may be started. The existing machinery and other fixed assets may be sold out.

Since the DDCM has no tradition to deal with the trading business of Sugars Feed, there is a need to train adequate number of salesmen so as to make the business successful.

The financial base of DDCM is too weak to explore any field with profit. During the last few years the Corporation had experienced the continued situation of losses. On the face of this background there is a requirement to re-inject the fresh finance. The financing agencies engaged in agricultural lending may come forward to assist the Corporation.
It is noticed that there is tendency to manipulate the expenditure made on AI activities or activities related to farming. Such manipulation may be checked by appointing the vigilance squad.

The past record shows that the Corporation had undertaken agricultural activities on the barren lands purchased with some consideration other than scientific. Hence forth the Corporation should secure the good lands for its activities.

The internal control over the collection of milk, distribution of seeds and grass is too poor to realize the profit. Hence the control over these activities should be tightened by introducing the standardised performance against a specific cost.
Chapter VII: Parbhani Krishi Gosawardhan Ltd.

Parbhani Krishi Gosawardhan Ltd. is incorporated on 4th March, 1977. The company was promoted by the MDC so as to undertake supporting and complementary activity to the cattle development programme. The company was expected to serve as demonstration-cum-research centre and it was to educate the farmers in respect to cattle development programme. The PKG got 410 acres of land in 1977. Out of these acreage, 269 acres were under cultivation and rest were the barren. The cropping pattern of land stressed on fodder variety like sweet sorgum, Nilva, Maiz, Kubabool, etc. About 100 to 150 acres of lands were brought under Rabi crops. The breedable cows were collected from the various places of Marathwada. It was decided to build up gradually the heard stock. A notable feature of the project was that the project had undertaken the seed production programme of CSH 1 useful in dry land. The other potential activity was that the demonstration plots of Luceaena Leucocephala Hawaiian Giant and Kubabool varieties of green fodder. The plots of medical plants were also developed. By the end of 1980 the PKG had made positive contribution in
the development of agricultural activities.

After 1980 it is noticed that the PKG has lost its momentum of growth. The functions of project have come down to smaller scale on account of the following reasons:

- Lack of funds
- Lack of expertise
- Poor response from farmers
- Continued state of droughts
- Lack of internal control over management
- Poor quality of staff.

The project now is functioning somehow. The main reason is that the agricultural or related business cannot be done with the help of paid labour. There is need to have ownership stake at least in the form of cooperative management.

The following financial variable will highlight the scope of the project for 1984:

- The share capital of the PKG was Rs. 15/- lakhs and the 67% of which paid by the MDC. The amount of reserve and surplus was to the size of Rs. 22.27 lakhs. The significant feature of reserve fund was that it came out of
appreciation of land and hence it was deceptive. The case of appreciation of land appears illusionary as against continued state of losses.

The PKG lived in the continued situation of losses. The total accumulated loss by 1984 was to the size of Rs. 29.60 lakhs. The losses were incurred continuously both on dairy and agricultural activities. The percentage of accumulated losses to capital employed was 71% by 1984.

The amount of secured and un-secured loans on the account of PKG as on 31 December, 1984 were Rs. 21.10 and Rs. 11.00 lakhs respectively. The capital amounted to Rs. 69.37 lakhs. The fixed assets including the value of appreciated land was to the worth of Rs. 39.94 lakhs. All this financial involvement appeared deplorable due to heavy accumulated losses.

Suggestions:

The PKG is MDC's sponsored joint stock company looking after the agricultural development so as to create the model for others to be followed. However the company has proved to be unsuccessful in its venture. There is a need to change the pattern of management by introducing the cooperative set-up. The farmers around the PKG farm may be stimulated to form a
cooperative joint farming society and be pursued to follow the objectives of the PKG.

: The existing assets and liabilities should be re-valued and appreciation of land should be bring down to the previous level so as to present the true and fair picture of the financial status.

: The internal control over the dairying business at present is too weak to function viably. The same should be tighten.

: There is a need to control the system of giving the advances to suppliers.

: The live stock management should be improved and the revaluation of the same may be taken as an immediate step for the subsequent revival of the company.

: The assistance from the Agricultural University may be sought in the dairying and in the farming activities.
Chapter VIII: Textile Corporation of Marathwada Ltd.

Texcom which is established in 1972 is the main pillar of an integrated Textile project initiated by the MDC. The Texcom has pre-weaving and processing units which are linked with the powerlooms spread over in Marathwada under the cooperative management. The major portion of yarn is supplied by the texcom to these powerlooms weaving cooperatives and in turn these cooperative supply grey cloth to Texcom. The MDC has a main hand in the management and financing of the Texcom. The MDC managed to promote the Texcom as a separate joint stock company so as to make it available all the facilities which are enjoyed by any other joint stock company functioning in the underdeveloped region.

The Texcom has pre-weaving and processing units at Nanded. The selection of Nanded is done by the Texcom by giving due consideration to favourable or advantageous locational factors. The total capital investment in the initial stage made by the Texcom was to the tune of Rs. 253/- lakhs. The Texcom's financial involvements in the various field of activities brings out the following significant facts:

: The share capital of the company in 1983-84 was to the tune of Rs. 210/- lakhs and out of
this the largest (Rs. 180/- lakhs) was contributed by the MDC.

The share capital value, if considered with the accumulated losses of Rs. 1,032-52 lakhs, appears negative. The borrowings of the company were three times of the amount of share capital. The percentage of share capital to net fixed assets by the end of 1983 was to the tune of 104.1%.

The total amount of secured and unsecured loans in 1983-84 was to the size of Rs. 1400.86 lakhs. Percentage of funded debt to the capitalization was about 80 which was unsatisfactory on the background of the accumulated losses.

The debtors of the company amounted to Rs. 133/- lakhs and one fourth share of the same was told to be doubtful. The extent of loans and advances given to the employees and suppliers was to the size of Rs. 59.38 lakhs. The proportion of current assets with current liabilities was not satisfactory; the current liabilities were more than current assets.

The amount of fixed assets with the company by the end of 1984 was to the size of Rs. 171.42 lakhs as against the amount of Rs. 262.96 lakhs in 1973-74. The decreasing value of the fixed assets reveals that there had been any new additions at the noticeable level. The net return over the assets 'nil'
or negative during the number of years when there were losses.

The percentage of net fixed assets to the net worth was deplorable at many years.

The amount of income realised by the company year after year has not been steady. It fluctuated in between Rs. 593-50 lakhs in 1973-74 and Rs. 1,189-99 lakhs in 1982-83.

In the total expenses of Rs. 1,300-68 lakhs of 1983-84, the raw material expenses amounted to Rs. 982-50, weaving charges Rs. 111-17 lakhs salaries and wages Rs. 154-39 lakhs and processing charges Rs. 10-47 lakhs. All these expenses created the linkage effects over the economy. Had the scale of these expenses increased, the suppliers of raw materials and wage and salary earners would get benefit.

The amount of interest on the borrowed capital appeared burdening. Out of every rupee earned as gross profit by the Texcom, as much as 55 paisa are passed on to the lenders in the form of interest and 45 paisa are retained for tax provision and profit allocations. In the cases of years experiencing the losses, the situation is unenviable; regardless on any return on capital, the interest out go has to be provided for.

The accumulated losses as on December 1984 were to the size of Rs. 1,032-52 lakhs. Out of the
ten years under review (from 1973–74 to 1982–83) the Texcom experienced the losses for eight years and in remaining two years it experienced a thin margin of profits. The losses accrued to the Texcom years together cannot be pleaded on the ground that it had a major task of creating linkage effects and the industrial infrastructure.

Suggestions:

1. The Texcom as a whole is having substantial excess capacity in spinning, cloth manufacturing and processing areas. At the same time it is unable to use the excess capacity for either boosting the sale on the domestic as well in on the foreign fronts. Hence it is necessary to increase the demand for the cloth by instituting an appropriate sales promotion programme.

2. An affective sales promotion can only be possible if the Texcom produces the quality cloth required by the foreigners. Even in 100% cotton fabrics export, the Texcom faces the difficulties. Hence all out efforts should be made for improving the quality of the cloth.

3. The modernization of the Texcom is now necessary. The same can be achieved by adopting the following three ways:
1) **Main Consideration:**
   a) Increasing the turn over of the mill
   b) Effecting the cost reduction
   c) Improving the quality
   d) Meeting the market demands and fashion and
   e) Building flexibility to meet the quickly the changes in demand and fashion.

2) **Operational Bottlenecks:**
   a) Quality balancing of the different varieties when the production is at the plant level
   b) Production balancing throughout the year
   c) Processing of synthetic blends and
   d) Creation of wider product range.

3) **Future Aspects:**
   a) Making the unit more competitive
   b) Image building in the minds of consumer.
Chapter - IX : Godawari Garments Ltd. (GGL).

With an object of providing household employment to needy women from the weaker section of the society, especially in the rural areas the MDC has promoted the GGL. Its foundation stone was laid down in 1977. The project is basically labour intensive. Nanded, Parbhani, Aurangabad, Parli and Latur are the places of production where the garments are stitched by the women. The women at their homes stitched the garments as per specifications or in accordance with the cutting of cloth done by the Master Cutters at the above production places. During the earlier stages of the working of the company it had experienced the losses on account of the following reasons :-

: The overheads incurred during the earlier phase were too heavy to recover from the sales receipts.

: Social objective i.e. generation of employment in the rural areas was to be attained even by incurring the losses.

: Cloth was to be purchased on cash basis and sales was to be effected on credit basis. This practise had raised the cost of production.
Salaries and wages paid to the workers were too heavy to justify the total return derived from the venture.

Production by no way had relation with the sale. The same was to be carried irrespective of demand for the garments.

In-experienced staff and women workers had lowered down the quality of production.

The following financial variables of the Company provides the hint about the nature and scope of the business:

The issued and paid up capital of the company in 1983 was to the tune of Rs. 20/- lakhs as against the accumulated losses of Rs. 7.71 lakhs. Since nearly 33% of the share capital traceable against the losses, the viability of the company was questionable.

Percentage of funded debt to capitalization has been fairly unsteady moving in between 33 and 61 during the period from 1978 to 1983. The amount borrowed by the company has always with a thin margin of the security of the fixed assets, for example the percentage of fixed assets to funded debt was 11 in 1984 and 7 in 1983. The debt equity percentage has, since 1980 been diminutive reflecting the poor gearing of the equity capital.
The profitability of the GGL has not been satisfactory. Although the production and sales of the GGL has been increasing, the GGL could not envisage the fair margin of the profitability. On the contrary during many years of its functioning it envisaged the losses.

Despite the no or less profitability, the GGL is useful from the economic and social point of view on account of the reasons mentioned below:

- The GGL with very small volume of the investment could provide the jobs to nearly four to five thousands women at their homes.

- Since workers are working under one roof, there are no labour problems arising out of unity of the workers.

- The workers working with the GGL are paid on the basis of quantum of work effected by them and not on the basis of time spent in the work. This has favourable effect in boosting the production.

**Suggestions:**

The following suggestions may be thought for improving the quality of the work, profitability and social satisfaction on the employment front:
The assets and liabilities of the GGL should be revalued so as to present the true and fair picture of the financial standing of the company.

The women workers may be asked to form a cooperative societies for the purpose of producing the garments in the village itself. Such garments may be purchased by the GGL for their subsequent sales.

The foreign markets for the garments sale should be explored so as to increase the production and also the profit.

The training programmes may be arranged for passing on a new expertise in stitching at the door of rural women.

Effective sales promotion must be instituted for the sale of the garments. Even a women stitchers or tailors may be asked to sale the garments at their doors.

The quality of the production should be increased by practising the quality control programme at the various levels.
Chapter - X : Kinwat Roofing Tiles, Special Employment for Educated Un-employed and other Promotary Activities.

Kinwat being a tribal area industrially backward had no other potential for development even up to the mid-seventies. It was hence decided by the MDC to create the industrial environment there by starting the resource based industrial activity. The clay deposit around the Kinwat was thought suitable for the production of tiles. The Kinwat Roofing Tiles Project was started in 1977 with 25 workers. The initial investment in the project was to the size of Rs. 8/- lakhs. By the end of 1984 the fixed assets consisting of mostly machinery use in production of tiles was to the value of Rs. 10/- lakhs. The KRT during all the years of its functioning could not make the profits despite the increasing scale of production and sale at some years. The reasons for the lossess are as follows :-

: Inadequacy of the raw material in the local vicinity caused to increase the transportation cost of bringing the raw materials from other places.

: Interruption in the supply of electricity.
The use of coal as fuel for Bhatti proved to be uneconomical as against the estimation or predication made about its utility.

Growing number of labour problems leading to frequent suspension of the work.

Underutilized capacity of the plant led to accumulate the unjustified amount of overheads.

Weak labour control and the overall internal control.

Suggestions:

The following suggestions may be made for increasing the viability of the project:

The assets and liabilities of the company may be revalued and a new financial structure should be formulated.

Since the labours are creating many problems, the labour cooperative society may be promoted for trusting the entire work of KRT to it.

The supply of raw material should be increased by developing the own transport.

An adequate training should be given to the staff for the use of machinery and also its repairs of the same.
Special Employment Programme for Educated Unemployed (SEPEU):

This programme was initiated by the Government in 1972, and in 1976 the MDC assumed its responsibility to promote this programme. It is noticed that the number of entrepreneurs assisted in this programme were mostly from the urban areas. So far 15,711 entrepreneurs got the loans under this scheme and out of these as large as 11,940 were from the urban areas. In addition of giving the loans, the Government initiated the package scheme of assistance containing numerous facilities such as Sale Tax refund, octroi concessions, Grant-in-aid for initial capital etc.

Suggestions:

Since this scheme is not popular in the rural areas, the MDC may try to promote this scheme by giving the training to the Gram-Sevak.

Mini Industrial Estates:

The mini industrial estates are promoted by the MDC so as to facilitate the rural industrialization. It is, however, noticed that this project is lacking in
respects such as, wrong selection of places for establishment of Estates, Distribution of the sheds only to influential persons, absence of administrative set up to take care of the activities of estates etc.

Suggestion:

: The industrial estates may be promoted on the cooperative basis, so that only needy persons will come together. The officials engaged in the development of the industrial estates should be paid an adequate incentives.

Spinning Mill and Cooperative Oil Mill:

The promotion of these two types of mills have not been done neatly. In fact both the types of mills are agricultural resource base and hence have a potentialities to benefit the farmers. It is suggested that these mills, at least one in each district should be established.
Chapter - XI: Profiles of Industrial Units Assisted by MDC.

The MDC has assisted many industrial units by multiple number of ways. Many of these units are facing the numerous problems. The experience survey of such units has been undertaken so as to highlight the various issues pertaining to working. The salient findings are as mentioned below:

Capacity Utilization:

Many units were found functioning below the capacity installed. The lack of finance, inadequate demand and lack of knowledge to handle the plant and machinery were the causes for such under utilization.

Raw Material Shortages:

The raw material supplies were not timely available. The raw material are not always procurable at controlled prices and hence the same are to be purchased from the open market by paying exorbitantly. Sometimes the shortages of raw materials are artificial. The import of raw material is somewhat perplexing and difficult. The system of the allotment of raw material on the basis of past consumption is defective since there is a tendency to
inflate the figures of consumption so as to get the large
quantum of raw material sanctioned.

Credit Needs:

Inadequate credit facilities obstacle the smooth
growth of the business units. The long term loans,
though facilitated by the financing institutions, the
working or short term funds are difficult to obtain. The
repayment scheduled of the loans is so inconvenient that
the businessmen find difficult to meet all the obligations
simultaneously. The post allocation period of the loans
has never been supervised by the lending institutions so as to ascertain the difficulties of the businessmen. The
inadequacy of the loans during the initial period of the
business may dwarf the growth of the unit. The expendi-
ture requirements of the small units are not financed by
the nationalized banks and these units have to seek the
shelter of the money lenders.

Technical Skills:

As pertains to technical expertise, the same is available in ample. The MDC's training courses are useful in increasing the technical expertise.
Marketing Problems:

The products produced by the industrial units may be classified as products for mass consumption, ancillary or intermediates products and capital equipment/machinery products. The techniques of marketing these different varieties of the products are different. The same are discussed in the chapter.

Salient Features of the Business Units:

: Control of the units mostly in the hands of members of families.

: Majority units emerged after mid-seventies in response to liberal assistance of the Government.

: The sick units were mostly mono-product units whereas the healthy units were with multi-products.

: Sick units belonged to entrepreneurs having no previous experience.

: Over-production of the sick units is due to premise of undertaking the production in anticipation of demand.

Pattern and Structure of Investment:

The big lending institutions like SICOM, MSFC insists for fixed assets purchase against loans. The
short fall of the loans is normally met from the money lenders, relatives and friends. Over-capitalization of units is rarely noticed. The working capital availability is better in healthy units.

Problems in other areas:

There are problems in areas like selection or product line, maintenance of books of accounts, marketing surveys, labour, cost of production and cash management etc.

Suggestions:

: The loans given to the industrial units must be supervised so as to know the difficulties of the borrowers.

: Adequate finance should be made available from the initial period.

: The sick units may be given special assistance.

: Under-utilization of the plant must be avoided by limiting the size of the plant at the initial stage.

: Efforts must be made to encourage the cooperative type of industrial units so as to avoid the labour problems.

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An evaluation of the
Performance of Industry Units:

The success of the MDC's sponsored or managed industrial units is required to be reconciled against numerous factors. Although the profitability is an important and is the surest indicator of performance, the same appears to be limited for the industrial units of MDC as these units besides profitability have been assigned with the functions such as employment generation, promotion and development of the area by creating industrial infrastructure, holding the price line, providing the inputs to other industries at reasonable rates, producing at minimum cost, satisfying the employees, initiating the export, focusing attention on the balanced regional development etc. It means the measurement of success of the MDC's industrial units is not as easy as the measurement of the success of any private business enterprise working with only profit motive. The MDC and its industrial units are with numerous goals, These goals are classified into two i.e. :-

1) Goal to contribute in the state wealth such as providing infrastructure to economy, export generation, just distribution of national wealth and balanced regional growth and
ii) Goal to satisfy unit level interest such as earning profit; increasing output; satisfying consumers, suppliers and employees; increasing the internal resources etc.

Whether the above goals are met by the MDC and its industrial sponsored units is critically discussed in the chapter. It is noticed that in the most of the cases the industrial units have not registered any satisfactory progress. Several reasons are found responsible to the same. Among all the reasons the sickness of the industrial units is observed as most distorting factor which has caused to go away from the set goals.

The sickness of all the industrial units was on account of internal and external factors. The former consists of inadequacy of financial resources, poor utilization of resources, absence of internal control, inappropriate business location, poor quality control, false expectation of market potentials, inadequacy of raw materials, poor labour control, overstaffing, etc. The latter consists of general rise in the price level, inadequate supply of inputs, low scale of demand, failure of monsoon etc.
Suggestions:

The following suggestions may be advanced for improvement in the present situation:

: There is a need to have revaluation of all the assets and liabilities of the MDC and its industrial units.

: All the units should henceforth be assigned with only the profit goal.

: Internal control should be tighten.

: An additional capital may be raised by floating additional shares in the market.

: The industrials units which are in existence to-day may be hand-over to big industrial houses such as Bajaj, Kirloskar, Mafatlal etc.

: Overstating should be avoided.

: Causes of sickness should be removed within the shortest possible time.

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