CHAPTER - III

PROFILE AND PERFORMANCE OF LIJJAT PAPAD INSTITUTION

3.1 Historical Background

It all began on 15th March 1959, which was a warm summer day with the sun shining brightly in the cloudless sky. A majority of the women inhabitants of Lohana Niwas, an old residential building in Girgaum (a thickly populated area of South Bombay\(^{31}\)), were busy attending their usual domestic chores.

A few of them, seven to be exact gathered on the terrace of the building No. 15/H and started a small inconspicuous function which hardly drew anybody’s attention. These women were Jaswantiben Jamnadas Popat, Parvatiben Ramdas Thodani, Ujamben Narandas Kundalia, Banuben N Tanna, Laguben Amritlal Gokani and Jayaben V Vithialani and one more whose name is not available. They belonged to the Lohana community, mostly of peasant origin, hailing from Gujarat. Of the seven women, only Jaswantiben is now around to tell the tale of those early days. She had studied for a short while in school as a child and had not even passed the second class examination. She was in her early 20s with three young children in 1959. She explained how near their house, one Laxmidasbhai had attempted to make and sell papads, but was soon running into a loss. These seven women, who were friends, decided to take over his venture along with its loss of Rs 80. With the needed ingredients from their homes, they rolled out papads on the terrace of their building. After drying and packing them in a plain plastic bag, they gave them to be sold to a known merchant in Bhuleshwar, nearby where they lived. Jaswantiben Popat said that they had not invested any money at all and they were able to pay back the loss suffered by Laxmidasbhai by selling the papads that they made. As sales increased, they increased their production. A cupboard was bought to keep the ingredients and utensils. During the first year, they stopped production during the rainy season for

\(^{31}\) The name Bombay has been changed to Mumbai
lack of facilities to dry the papads. But by the next rains they had the stove and a cot over it, where they could dry the papads. They had tried using coal for heating, but it colored the papads. Being thin, they dried quite soon. In fact, one of them told that the process had become so standardised that it took only 15 minutes to dry. Within three months, there were about 15 women working in their group. In two years, the number rose to over 150 women. Jaswantiben said that they came through word of mouth in the beginning and later through advertisement in the local vernacular newspaper. With the profit that they made in six months, they bought half a ‘tola’ (gram) of gold for each one of them. This equal sharing of profit or loss was to become the standard practice of the organisation. As rooms fell vacant in Lohana Niwas, they were rented and gradually the women had acquired eight rooms for pursuing their work. By the end of the third year, the terrace of the Lohana building could no longer accommodate all of them to roll out papads. Hence the kneaded flour was distributed among three hundred and odd women to take to their homes early in the morning and bring the prepared dried papads the next day. This again became the operational model, to be continued to this day in all the branches of Lijjat. The brand name Lijjat32 (tasty), proposed by Dhirajben Ruparel, was chosen in a contest held for the purpose, with prize money of five rupees.

A handful of social workers were also involved. The initial attempt with the result of production of 4 packets of Papads, the firm resolved to continue production. This pioneer batch of 7 ladies had set the ball rolling. This function added a new chapter in the history of institution, in efforts of Sarvodaya. Shri Mahila Griha Udyog Lijjat Papad was launched. It was a humble beginning. The day 15th March 1959. As the days went by, more and more ladies joined this pioneer batch and the institution started to grow

This organization is basically a woman’s organization, its working is somewhat like this: of the women and for the women.

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32 Harilal Raghunath Rachh, a devoted social worker, gave Lijjat its brand name. Lijjat Patrika 22(1)
A little after a month or two of their commencing operations, Chhaganlal Karamshi Parekh alais Chaganbapa, a respected elder of the Lohana community, became their guide and philosopher. In order not to compromise on quality, he advised them to standardise the specific quality of the papad production. Intent on retaining their independence, the women had decided from the beginning not to approach anyone for donation, even if they ran into losses. Chaganbapa taught them the importance of running the organisation as a business enterprise and of keeping an eternal watch on every facet of its working and maintaining proper accounts.

Two men, whose wives were among the first seven women, helped them in keeping accounts in the earlier years, when Lijat Papad was in its infancy. Later when the organisational structure was established, accountants were appointed to do this work. Lijat had a monthly financial accounting system from its inception on March 15, 1959. Accounts were written on day-to-day basis and on the last day of every month, profit and loss Account as well as the balance sheet had to be completed. For example, for the month of January, profit and loss Account as well as balance sheet was to be ready on January 31. If for any reason the monthly accounts were not ready, the institution would remain closed till the accounts were ready. The annual accounts, i.e., annual profit and loss account as well as annual balance sheet were just an accounting formality for Lijat, as all the financial decisions were taken on the basis of monthly accounts only. 1966-67 was the first year when accounts were prepared as per provisions of the Societies Registration Act and the Mumbai Public Trust Act. The basic soundness of the organisation arose from the financial credibility of its functioning.

The salient features of the organisation, laid down in the first few years of its beginning, continued through its later years. There are no written documents for these years, only the oral testimony of the women, who set up the unit in those days is available. Initial attempts to start branches in Malad, a suburb of Mumbai in 1961 and Sangli in Maharashtra in 1966 were unsuccessful. However, in 1962-63, the annual sales of papad rose to about Rs 1.82 lakh. In July 1966, the institution registered itself as a society under the Societies Registration Act, 1860. On Chaganbapa's recommendation, U N Dhebar, chairman, Khadi and Village Industries Commission (KV1C), government of India, personally inspected the institution in July 1966. In September, a
formal recognition was granted to it as a unit belonging to the 'Processing of cereals and pulses industry group' under the Khadi and Village Industries Act. The KVIC granted working capital of about eight lakhs of rupees and tax exemptions. The institution was then registered under the Mumbai Public Trusts Act, 1950 as a public trust. In the general body meeting, the member-sisters adopted the first written constitution. Thus the formal organisation of the Shri Mahila Griha Udyog Lijjat Papad was completed by the seventh year of its existence. The institution began to grow.

The turning point of this organization was in 1966 when it was registered under the Bombay Public Trust Act 1950 and also registered under Societies Registration Act 1860 and got recognition from Khadi and Village Industries Commission as a village industry.

The rolling and selling of papads in itself may have been nothing unusual to the residents of the Lohana buildings, for even today many women, similarly placed residents of the buildings, make and sell papads in small quantities. What made Lijjat different was its philosophy and growth.

In those early days path was not easy. The institution had its trials and tribulation. Faith and patience of the members were put to test on several occasions. They had no money. Literally the institution started from scratch, on borrowed sum Rs. 80/- on the condition that it must earn and return Rs. 200/- within a stipulated time.

The institution has opted for the goal of self reliance and self growth from the very beginning. As a matter of principal no monetary help was to be sought and no donations to be accepted. So work started on commercial footing, as a small scale venture. Difficulties and hurdles were there, but they were accepted by the members as test and trials of their convictions and they met them with a smile.

The main and core objective of this organization is to provide employment to the ladies, to enable them to earn decent and dignified livelihood. Any women who can render physical work in this institution without distinction of caste, creed and colour and agrees to abide by the objective of the institution can become a member of the institution from the date on which she starts working.
What really helped the institution was excellent quality of papads, which has remained uniform from the very first day of its production. At no time the members have allowed it to deteriorate. The principal upon which the institution is based, have made Lijjat Papad a successful organization.

All Branches and Divisions are autonomous units for the purpose of profitability and the profit and loss as the case may be of such unit is borne by the owner sister members of that branch by increasing or decreasing their rolling charges. Besides Lijjat papad the institution has other products like khakhra, Masala, Wadi, Detergent powder and cakes, Bakery product and chapaties. As on 2006 it had 63 Branches and 40 Divisions and gave self-employment to about 40,000 sister members all over India with Sales turnover of Rs. 300 Crores which included Rs. 12 Crores of Exports. At present it has 69 Branches and 35 Divisions and gives self-employment to about 42,000 sister members all over India with Sales Turnover of Rs. 470 Crores which include Rs. 24 Crores of Exports.

Basically their exports are made through Merchant Exporters to countries like UK, USA, Middle East Countries, Thailand, Singapore, Hongkong, Holland, Australia and other countries. Inspite of its no credit policy, Lijjat's annual exports accounted for more than US$2.4 million in 2001 and are increasing year after year.

Late Shri P. D. Dattani, former reporter of Vyapar (a Gujarati financial newspaper published twice a week from Mumbai), a friend of Sarvodaya and a close associate of Lijjat since its inception, described the success of Shri Mahila Griha Udyog run by women. "I am a layman and am uneducated. I am nobody. I do not hold any office" are the words uttered by each and every sister members, if one asks them about their status in Lijjat Papad Organisation.

**Shri Dattani Explained:**

From the beginning our sales have been for cash. Some centres, especially Calcutta, are giving credit. We do not like that. We have no problem in selling. Demand in Mumbai is increasing. We cannot meet all of the demand in Mumbai and export.
**Customers:** Important among the retailers are kirana dealers. They bought from wholesalers or from Lijjat salesmen. Institutional sales to hotels, factory canteens and other organizations are an important segment of the market.

**Sales:** The centres have vans for distributing papads. Salesmen go with the vans and sell against cash to wholesale dealers, institutional customers, and dealers or retailers. Dealers got a commission of on small packets and on large packets initially and now it is Salesmen with company vehicles who are paid a commission for a small packet and for a large packet. If a salesman used his own vehicle, he is paid a little high commission. Late Mr Dattani looked after sales while the sanchalika of each centre was administrative in charge of the centre's sales and the salesmen. Late Shri Dattani explained the policy: I tell the salesmen, "We don't need to do all the selling: Lijjat must sell itself. If we lose the first position, we will have a big fall. A second position is not possible for Lijjat." Salesmen were not allowed to replace non-moving, stale packets, if any. Late Shri Dattani explained why: When you work for a private owner, you work hard to please him. When you work for an institution, you become a servant of the customer and do not see what is good for the institution.

Early in the institution's history, Late Chhaganbapa once told "You want to run the institution without taking any donation. Who will fill the loopholes? A proprietor tries to plug them constantly—either by himself or through his trusted and well-rewarded employees. An institution, on the other hand, continuously bears the cost of such leakages by taking donations. Check your raw materials. Everyone must be taking something." Sister member checked black pepper and other raw material. Chhaganbapa was right. There was stealing. Sister member instituted some controls. Chhaganbapa was keen on accounting-financial, raw materials and finished goods.

**Pricing:** Lijjat prices were around the top of the price range in the market. Lijjat prices were the same at all centres in India. Materials accounted for nearly 65% of cost while mixing, kneading and rolling expenses accounted for about 30%.

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Shri Dattani explained the pricing policy:

Many reporters say that our margins and prices are high, and suggest that we should reduce prices. Our gross profits are between 20 and 25% of sales. I consider them reasonable. Papads are not an essential commodity. Our quality is good. The manufacturers are the public in our case. We pay better rolling charges than others in the industry. We want to keep them that way. Lijjat prices were revised mostly in response to changes in raw materials, especially urad. Urad dal purchase prices varied widely. Several varieties of urad dals were available in the market. Lijjat had a policy of buying the best quality. The quantity bought depended on Shri Dattani's view of the situation—current stocks, likely market trends in prices, and availability. Shri Dattani was the buyer for the organization.

Advertising: The institution was keen on establishing a good image. The advertisement budget for 1976-77 was Rs 7 lakh, of which only about Rs 4 lakh was spent. Newspaper advertising and point of sale accounted for most of the expenditure. All advertisements were handled by the head office. The monthly advertising expenses were billed to one of the centres in Bombay—Bandra, Wadala or the Cotton Green raw material depot—depending on which one could afford to take the burden that month. The organization donated to national and other causes. Examples included an advertisement for Jayaprakash Narayan, the Sarvodaya leader (without the organization's name in print), one praying for rain in drought areas, and another praying for the return of the Americans who were on a voyage to the moon and were stranded in space due to technical problems.

3.1.1 Institution Set-up

The Institution has kept Sarvodaya Philosophy as its Ideal. All sister members of the institution are its owners. All the profit or loss, whether it may be is shared or owned by the members jointly. They only have the authority to decide the manner in which this profit or loss should be apportioned among themselves.
There is a Managing Committee of 21 members to manage the affairs of the whole institution. There are also Sanchlikas for each centre to look after all the daily affairs of the concerned centre. But the work of the institution is that each and every member can take any initiative any decision. At the same time each and every member has got the veto power. All the decision, whether major or minor, have to be based on the consensus among the members. Any single member’s objection can nullify a decision. Another important fact about the institution is that a male person cannot become its member and any male employee whether working, honorary or on salary basis has no right whatsoever over the institution.

3.1.2 Philosophy

Only women could become members of Lijjat. Initially, questions were raised as to whether a Non – Lohana woman could become a member. But the women decided to go beyond the Lohana community. They introduced a pledge, based on Sarvodaya ideals, for members. These ideals required members to treat any job of the organization as a divine task and accept as divine Prasad whatever the reward earned. Members accepted the “broader meaning of common ownership”. A member was to aspire not for “how much more she should get than others,” but for “that others should not get less than herself.”

A booklet, In Quest of Sarvodaya: A Successful Experiment, printed in English, Gujarati, Marathi, Hindi and other languages, and widely distributed throughout the organization, described the "Lijjat way of thinking" as follows:

Shri Mahila Griha Udyog Lijjat Papad is actually a synthesis of 3 different concepts, namely

* The Concept of Business
* The Concept of Family
* The Concept of Devotion.

All 3 concepts are completely and homogeneously dissolved in this institution. As a result of this synthesis, a peculiar "Lijjat way of thinking" has developed in it. This institution has adopted the concept of business from the very beginning. All its
dealings are carried out on a sound and pragmatic commercial footing. It produces quality goods and sells them at a reasonable price. It has never accepted, nor is ever going to accept, any charity, donation, gift or grant from any quarter. On the contrary, members do donate collectively, whatever there might be within their reach, for good causes from time to time. Besides the concept of business, the institution has adopted the concept of family. Mutual affection, concern and trust are the “ideas fix” of members. All work and all affairs of the institution are tackled in the very same pattern as a family carrying out its own daily chores. But the most important concept adopted by the institution is the concept of devotion. For the members as well as the employees and the well-wishers, the institution is never merely a place to earn one’s livelihood. It is a temple, a church, a mosque, a gurudwara, a place of worship for devoting one’s energy not for his or her own benefit but for the benefit of all. In this institution work is worship. The institution is open to everybody who has faith in its philosophy.

The Philosophy or the basic thoughts are as follows:

1. Ours is a voluntary organization of sisters.
2. Our organization is neither for the poor sisters nor for the rich ones.
3. Our organization never accepts charity or grant.
4. Our organization believes in running the business wisely.
5. Our organization is like a family and sisters run it as if they all belong to the same family.
6. Our organization is like a revered place of worship.
7. No one can change these basic thoughts of our organization.

3.1.3 Three Golden Rules

Besides basic principles like self-reliance co-ownership and faith in dignity of labour, the institution has also formed three ‘Golden Rules’

1. All the rights of the institution must belong to members only.
2. There must be maintenance of "Lijijat " quality at any cost and,
3. There must be clean and time bound accounting system.
All the Lijjat branches follow these three 'Golden Rules'

3.1.4 Secret of Top Quality

Many people wonder about ready consumer acceptance. Lijjat products are well received in the market and the secret is its top quality. But the institution has simply no business secrets. The whole manufacturing process of Lijjat Papad is even open for inspection by anybody. Members have fixed standard of taste, colour and size of Lijjat Papad. A well laid down formula is being strictly followed. Only the best quality ingredients and raw materials are used. The members continue the check on quality at every stage. No sub-standard papad is ever allowed to reach the consumers. It is the quality consciousness among the members that has made Lijjat Papad a number one "Papads" industries in the Indian as well as overseas market.

3.1.5 Lijjat Equally Popular Abroad

Lijjat Papad has earned reputation not only in Indian but also in every nook and corner of the world. The world wide demand for crisp and alluring Lijjat Papads always keeps growing. At present about 30 to 35 percent production of Lijjat Papad is being exported. The main consumer countries include U.K., U.S.A. Middle East and also Singapore, Hong-Kong, Europe and Japan.

3.1.6 Diversification

Lijjat has now diversified its activities. It has a flour division at Vashi (Navi-Mumbai) and at Nashik where flour is milled from Udad Dal and Moong Dal. There is Masala Division at Cottongreen where different kinds of spice powders like, Turmeric, Chillies, Coriander and ready Mix-masala like Garam Masala, Tea Masala etc. are prepared and packet in consumer packets. There is also Quality Control Laboratory at the same place and Lijjat Advertising Services at Bandra (Mumbai). The institution is having Khakhra Division at Buhari (Dist-Surat) (Gujarat). The other divisions are Export at Wadala, Polypropylene at Kashi-Mira Road, Vadi at Valod, Bakery Division at Valod, Vododara and Rajkot, Printing Division at Cottengreen and Gehu Atta Division at Cottengreen. Lijjat has also now entered into the field of manufacturing
Detergent Powder and Cakes, to start with, at Dahisar and office at Borivali in Mumbai. Later extended to Sanaswadi (Pune), Haripar Pal (Rajkot), and Hyderabad (Andhra Pradesh).

In the year 1999 Mumbai Unit of Lijjat has started production of Chapatis at Borivali, Wadala, Mulund, Bhandup, and Kandivali.

3.1.7 Growth

Growth was slow initially. Late Shri Dattani had recalled the early period in one of his interviews. "I was carrying the goods to the market for sale. We always sold for cash. While membership was increasing, we were yet to develop along sound business lines. The late Shri Chhaganbapa guided us and laid the foundation for growth".

Pictures of the late Shri Chhaganlal Karamshi Parekh, popularly known as Chhaganbapa, display at the head office, at many centres and in official booklets. Late Shri Dattani recalled Chhaganbapa's contribution:

Chhaganbapa's career was mostly in the collieries in eastern India. He started as an employee and rose to become a partner. He was a director of 22 colliery companies. He retired in 1949, settled in Bombay, and took to various philanthropic activities. He was a member of the Servants of India Society. He helped Lijjat from its inception till his death in 1968. He infused in the sister members a spirit of self – supportiveness. He often quoted the late Shri Amritalal V. Thakkar, popularly known as Thakkarbapa, and asked them to "make a business out of it (any social activity)." He wanted sister members to behave like businessmen. A shopkeeper does not resign from his own shop. Even under personal hardship, he would keep his shop open and keep the business going. Shri Chhaganbaba inspired in sister member such a spirit about our institution. He often put before sister member the example of private papad businessmen. Chhaganbapa would say, "You are asking for help. You want exemption from sales tax, income tax. You want everyone's help. Look at that private papad businessman. He owns 15 buildings in Bombay, Why can't you run the business the same way?" Chhaganbapa imibed in sister members a high value for quality. In the beginning sister member were selling two qualities, one market quality papads and the other hotel quality. He wanted the second quality papads destroyed.
He volunteered to pay for them. The sister members took his advice, but not the money. As Chhaganbapa wished, today sister members are standing firm on quality. The expansion in business and membership led to the opening of new centres. In 1961 the membership at the head office had grown to about 400. A new centre was set up at Wadala. At the request of a prominent social worker, a centre was started in Valod in Gujarat at about the same time.

In 1977, the membership was nearly 3,700, with 15 centres in 5 states. However, not all members were active at any given time. Members not rolling for long and continuous periods were removed from the centre lists periodically. There were 6 centres in Bombay: at Girgaum (Head Office), Narayanwadi, Wadala, Mulund, Kandivali and Bandra. There were 3 other centres in Maharashtra state, one each in Poona, Amravati and Wananagar (Kolhapur district). The organization had 3 centres in Gujarat state: Valod in Surat district, Rajkot, and Ramania in Kutch district. The rest of the centres were in Calcutta, Jabalpur (Madhya Pradesh), and Hyderabad. Plans were put, in 1977 for 2 additional centres—one in Borivali in Bombay and another in Madras. With the addition of these centres, membership was expected to reach 4,000 by October 1978.

The early days were not easy. The institution had its trials and tribulation. The faith and patience of the members were put to test on several occasion - they had no money and started on a borrowed sum of Rs. 80/. Self-reliance was the policy and no monetary help was to be sought (not even voluntarily offered donations). So work started on commercial footing. With quality consciousness as the principle that guided production, Lijjat grew to be the flourishing and successful organisation that it is today.

Shri Mahila Griha Udyog Lijjat Papad is a Women's organisation manufacturing various products from Papad, Khakhra, Appalam, Masala, Vadi, Gehu Atta, Bakery Products, Chapati, SASA Detergent Powder, SASA Detergent Cake (Tikia), SASA Nilam Detergent Powder, SASA Liquid Detergent.
3.2 Conclusion

Shri Mahila Griha Udyog Papad, however large it might have grown is nothing but a little experiment in "quest of Sarvodaya". It would not have been what it is today, had it not received tremendous moral support and invaluable guidance from numerous social leaders engaged in various social field. The institution is greatly indebted to all of them and humbly offers to them its sincere thanks with folded hands.

The institution will never be able to find proper words to pay homage to its Godfather-Late Shri Chhaganbapa (Shri Chhaganlal Karamshi Parekh) who showed the correct path to the institution and continued to guide its activities till his last breath industries 1968. The institution also pays homage to Shri Dattanibapa (Shri. Purushottam Damodar Dattani) who has lead the institution to the path till his last breath in 2002. Late Shri U.N.Dhebar has been the greatest single source of inspiration and patronage to the institution. It is impossible to enlist numerous well wishers of Shri Mahila Griha Udyog Papad, who by their ceaseless day guidance and service to the institution have really become part and parcel of the institution. The institution is deeply indebted to them also.

The basic Philosophy on which the organization rests is easy to understand and equally easy to implement. If one can discard from ones minds certain misconceived notions there will not be any difficulty in understanding Lijjat’s basic Philosophy.

Lijjat is an organization of women and all rights belong to women. Men cannot claim any rights in the organization. Men interested in the activities of the organization are free to visit the organization and make suggestions to the sisters or give them advice and guidance. If found appropriate, sisters may act accordingly, but they are in no way bound to accept it or abide by it. Another important aspect is that the sisters do not belive in taking free services from anybody on regular basis. All men working for the organization on regular basis are given salaries or remunerations. They are treated as employees of the organization, a fact they must bear in mind and behave accordingly. The organization belongs to sisters. They may be of any religion or caste, educated, uneducated, poor, rich etc. There is no discrimination on the basis of religion, caste creed or class. The organization is open to all sisters. Whenever there
is scope they can get admission into it. It is voluntary of sisters, which means that they can willingly join it, if they like the Philosophy and practices of the organization and they can leave it of their own free will, if there is any special reason to do so. In the organization too, there is no compulsion on any one to do particular kind of work. There are different kinds of work—making masala, pounding of flour, kneading of flour, weighing of flour, rolling papads, receiving papads after weighing, inspection of papad, and packing of papads after weighment, disbursement of remuneration, keeping of accounts etc. No kind of work is considered inferior or superior. For the organization every kind of work is equally important and sisters are free to choose the work they like.

However, there are limitations. If all the sisters prefer doing one kind of work, it would not be possible. Supposing all sisters choose to roll papads, how will they get packet or say everyone decides to pack papads, then how will they get rolled? Hence every sister is expected to choose the kind of work taking this limitation into consideration. They should do it in an organized way, with mutual consultation and and consent. There is no need to consult any employees if the organization takes advice of any outsider.