

Industry  
Maharashtra

Progress Report

Multi-village Industries

MAHARASHTRA VILLAGE DEVELOPMENT PROJECT

Ambar Charkhas  
Ancillary Industries  
Aromatic Plants  
Rag Industry  
Weaving Industry  
Mini-Mill  
General

Bombay

18 December 1978

## AMBAR CHARKHAS

### Context

Ambar Charkhas are 6 spindle hand cranked and 12 spindle pedal yarn spinning machines. By using polyester blend slivers wages can be increased to the level of Rs 6-9/day per person which makes it attractive for villagers. A village unit is 25 Ambar charkhas plus 4 roving machines and two balance scales. Cost for the unit is Rs 36,000 including Rs 15,000 for working capital, etc.

### Present Situation.

One unit is now established in Chikhale under the Mahila Vikas Mandal and is financed by the Union Bank at 4% interest. Another unit is in the process of State Bank of India approval for the Shivni Project, Beed District which is one of SBI's rural integrated villages.

### Major Contradiction:

The major contradiction is an assured market. The following is working:

### Long range

1. 12,000Kg./month market if the Ambar Charkhas can handle special man made fibres. Associates of Purohit gave 100% polyester, nylon and acrylic slivers (staple length 2 $\frac{1}{2}$ ") to be sent to Khadi Research and Development in Ahmedabad to spin. Upon seeing the results Purohit's Associates will decide. Slivers should be returning by the 1st week of January.
2. Same as above with wool slivers (2 $\frac{1}{2}$ " staple length). Sample slivers were sent to Iris Engineering in Coimbatore and should be returned by the end of December. Again Purohit's associates will decide.
3. If Khadi and VIC's request to use polyester blend cotton passes Parliament then they will assure market to their approved villages.
4. Khatau Mills supply slivers and collect spun yarn in hank form or in woven cloth form at a conversion charge rate to all our villages. A proposal is being submitted.

### Intermediate stage

5. Mafatlal has agreed to take 1000 Kg/month of yarn on cones. This requires an additional winding machine to convert from hanks to cones. The smallest machine will require at least 3 villages and will not be available for at least one month.
6. Maharashtra State Handloom Cooperative Society and others will weave yarn for a conversion charge. The cloth could then be marketed to:
  - a. The Maharashtra State Handloom Cooperative Stores
  - b. The State Bank of India for uniforms (long range)
  - c. Cafi CanteenPerhaps MSHC could then be persuaded to purchase the yarn

7. Bank of Maharashtra, Pune has ask CAFI to supply enough yarn for 10 handlooms

Next Steps

1. Push the Shivni Proposal through SBI to get a precedent set.
2. Work out a guaranteed market with Khatau on conversion cost basis.
3. Set up a scheme for Ambar Charkhas units to go into 5 spotlight villages in January and the remaining 19 district projects in February.
  - a. The machines can be purchased from Iris Engineering Company at Khadi cost rates.
  - b. Finance the units through the SBI
    - 1.) Use Shivni precedent
    - 2.) Underwrite with Rs 3 lakh in reserve if necessary.
    - 3.) Use Nambiar pressure to assure it comes off in our Timeline
4. Follow-up Purohit's schemes.

## ANCILLARY INDUSTRIES

### 1. Corrugated Box Factory

#### Context

Geofrey Phillips India, Ltd. has agreed to put a corrugated box factory in Gorthan Village, Thana District to be owned and run by the village. They will guarantee finances and provide expertise to build the shed, install the machinery and provide initial management skills and supervision. They will provide the paper raw materials, transportation and take back the finished boxes on a conversation charge basis. In addition they are training a NGP villager to manage the project.

#### Present Situation

The Village Community Development Association (a Society) has been formed and the land for the industrial shed transferred to it. The loan to the village is now being taken under consideration by the American Express International Bank.

#### Major Contradiction

Assuring that GPI guarantee all the loan monies and not require margin money of the village.

#### Next Steps

Secure the loan and push to get the industrial shed with local contractor underway by 1 January.

### 2. Aluminum Bottle Factory

#### Context

Indofil Chemical Company has agreed to set up an aluminum bottle factory in a NGP village along the GPI formula. Other corporations, BASF and Rallis have been approached for similar action. A favorable response has been received from both.

#### Present Situation

Indofil is preparing a financial sheet (a'la GPI) for the factory to be ready on 28 December. BASF wants to visit Maliwada and Rallis is waiting to see Indofil's project report.

#### Major Contradiction

To work out details with Indofil so the GPI formula will be followed.

#### Next Steps

1. Provide Indofil particular data they need from us, and help them work through their financial sheet and project report.

2. Select a village and arrange for a site-visit.
3. Actuate procedres learned through GPI negotiations.
4. Follow-up with BASF and Rallis.
5. Contact Sandoz and Bayer as recommended by Indofil.

### 3. Vegetables for Company Use

#### Context

Upon adopting Chikhale Village the Taj Hotel wanted the village to grow vegetables for use in their various kitchens.

#### Present Situation

After a belated start Chikhale is growing vegetables as recommended by Taj advisers on private acreage. Vegetables will be ready in 2 months for shipping. The farmers in Chikhale are not yet geared to producing the variety of vegetables required by the Taj. It is hoped that the 1½ acres of demonstration vegetables will release them to grow what is needed.

#### Major Contradiction

The Taj is disappointed with results in the journey of renewal of the village, and will be hesitant to act until we give signs that we are on the move also.

#### Next Steps

1. All farmers to pay back their debts for fertilizer to the bank where Taj has underwritten the account.
2. Propose that a vegetable scheme be devised by Taj or their hired consultant that lays out the following:
  - a. Type and amount of vegetables needed by Taj including name and availability of seeds.
  - b. Special crop management requirements including equipment and labour needed, plowing, fertilizer, insecticides, etc.
  - c. Irrigation need including equipment and method of application required.
  - d. Provision for employment of consultant or expertise to assure the above.
  - e. Transportation equipment purchased for the village to carry out the above.
  - f. Godown or other storage space required for meeting best delivery date.
4. Other Industries: The Vikal Paper Company and Crompton Greaves are interested in ancillary industries. Pune Dvision is handling Vikal Paper and Crompton Greaves is long range depending on start up of their Nasik Industry. Next Step: Follow-up Vikal to see that they get a GPI formula scheme prepared and take Crompton Greaves to Vaviharsh and then on to Khambale for site visits.

## AROMATIC PLANTS

### Context

Industrial Perfumes has been working in Vaviharsh growing Citronella Grass and processing it for oil for over a year. Both the village and their response has been affirmative. Now, Industrial Perfumes, Mgr. Director and Chief Engineer have committed themselves to establish grass/oil mills in all our 75 villages in a phased basis: 7 spotlight villages immediately and 18 district projects in January. Mr. Bose, Chief Engr., presented his plan at the last Project Director's meeting and talked in detail with the Project Directors from each spotlight village. He was to plan and carry out a site visit schedule to each of the 7 villages before the end of the year.

### Present Situation

Mr. Bose has not yet prepared the schedule. First it was to give time for Mr. Wagh, Mgr. Dir. to visit Vaviharsh and Maliwada. Second his wife plans an operation on 21 Dec. and he does not want to leave town until 1 January.

### Major Contradiction

Getting new momentum to get Mr. Bose out to all 7 villages immediately after 1 January.

### Next Steps

1. Get implementation of the scheme in the 7 and 18 villages into the strategies for Qtr. III getting strike forces to work on it if necessary.
2. Visit Richardson Hindustan, Ltd. (Vicks) for additional proposals concerning medicinal grasses.

## RAG INDUSTRY

### Context

Shoddy wool is used by 6 to 8 large mills in the Bombay area for making blankets. Wool has to be cleaned of non-wool objects and cloth, e.g., cotton lining, threads, buckles, zippers, etc. The Mills for various reasons find village labour attractive for this kind of work. What is required by the village is secured space (1000 to 2000 sq. ft.) large enough for operation and approximately Rs 500 - 1000 to get cutters, scales and electricity, etc. From 50 to 100 villagers are required.

### Present Situation

1. Chikhale was cutting rags at 10p/kg for Emerald Mills. Emerald did the sorting and supplied the cutters and transportation. Pay was not enough to be attractive to village women and adequate space is not available. In addition a large attrition in rags took place. Emerald is not delivering any more rags until the lost rags are dealt with.
2. Nehrole has come to an agreement with Castle Mills to cut rags for 30p/kg with the Mills providing transportation. They now need money to secure a 25' x 70' shed and buy cutters, etc. Their people need a few days training and their production can start.
3. Modella Mills were reluctant to begin due to the theft possibilities and lack of control. If other operations go well they may reconsider.
4. We have entre via Purohit (and Jain, Mgr. Dir. of Emerald Mills) to C. Ramon & Co., Shree Krishna Woolen Mills, and Simplex. Woolen Mills for similar kind of work.

### Major Contradiction

Our contract with Emerald has not worked out well which leaves us vulnerable in relation to other mills. In addition re-establishing our relationship with Emerald will be sensitive and critical.

### Next Steps

1. Using Purohit's clout we deal with Emerald and the missing wool and renegotiate with them for higher pay and choose another village, e.g., Khabale in Bhiwandi Tahsil.
2. After Nehroli and the new village for Emerald gets a few months under way we go through Purohit and Jain to the other mills for additional villages rag industries.

## WEAVING INDUSTRY

### 1. Purohit Carpet Industries

#### Context

A carpet industry was planned last summer for Tasgaon with quarterly replication to other villages in the Pune Division. The kick off was to begin Sept. 1. A number of delays ensued by Purohit probably due to the weakness in the carpet market in some western countries. After a trip to Gujarat to look at looms it was agreed for Tasgaon to begin building such looms and begin carpet manufacturing to be purchased by Purohit.

#### Present Situation

Looms are being built.

#### Major Contradiction

Making a decision where the carpet industry will be started either in Tasgaon or Kendur as lately suggested. Overcome the inertia in village Tasgaon that nothing will happen in this arena.

#### Next Steps

Move ahead on with rug production.

### 2. Tufted Carpets Ltd.

#### Context

This is an Ashoke Birla Company headquartered in New Delhi. He will give a village a loom if they start with 10 looms. (He will buy back all looms if village fails.) Training comes from the Cottage Industries Dept. It takes an year for a weaver to become proficient. Training payment is graded from Rs. 20 the 1st month to Rs. 250 the 12th month. After the 1st month training the person can work. Each loom turns out 3 to 5 meters/month. 10 looms = 30 Sq. metres = Rs 10,000. (30% goes for raw materials.) Marketing of the carpets is no problem according to Mr. Jain the Managing Director. They give you yarn and collect the carpet and pay you a conversion charge.

#### Present Situation

He has made us an offer twice -- narrowing down his terms each time. (The first time he was to supply the looms.)

#### Major Contradiction

Overcoming the narrowing of his offer and fining a stipend for weavers the first 6 months.

#### Next Steps

1. Visit Ashok Birla with our model and ask for original terms.



## MINI - MILL

### Context

The Lok Vastra Scheme (Mini-Mill) was designed about 6 years ago and was later modified in dialogue with the Intermediate Technology Group of Lond which adopted more of the textile mill technology. It is a small scale low-overhead mill type operation that is village operated and can compete price-wise with the larger mills. The pre-spinning processing unit could be set up in a District village and the spinning and weaving frames and looms can be spread throughout the Taluka projects. Iris Engineering Industries has submitted a scheme that would employ 439 people in 2 shifts/day. The equipment would involve complete pre-spinning equipment, 1320 spindles, 20 looms and fabric finishing machines. Capital outlay is Rs 15.8 lakhs of which 5.5 lakhs is for working capital. Annual net profit is also estimated at 5.5 lakhs.

### Present Situation

Initial site visits of mini-mills have been made in Coimbatore area and a proposal has been submitted to us by Iris Engineering Industries.

### Major Contradiction

Getting clear on the proposal, and its advantages and ramifications.

### Next Steps

1. Get clear on the proposal.
2. Study the possibility of establishing a pilot project in a district in view of finding new types of economic bases for the 2500 phase.

2. Find training stipends or pay it out of ICA funds to be paid back to the Village association.
3. Establish an industry in Sikroar immediately.
4. Evaluate Sikroar after 3 months with the idea of installing in other villages.

### 3. Maharashtra State Handloom Cooperative Federation

#### Context

This is a state agency that promotes handloom weaving. They survey for optimum places to begin handloom operation and subsidize the set-up of the looms. They asked that we give them names and locations of our villages and they would select several villages for weaving projects.

#### Present Situation

The list of villages (64) was transmitted to them on 4 Oct. Conversation since then indicate that their survey showed none of our villages to have a handloom heritage which is one of their prerequisites. However, they will work with us on an experimental basis, and recommend that we choose village(s) near Nagpur or Sholapur, Pandharpur Tahsil, since they have trained personnel there who can help us. They recommend we get 2 Or 4 people per village for training. They will supply a free loom for 2 months training. Villagers would commute daily. At the end of 2 months they should be able to produce 3 metres/day. 6 months would produce 5 to 6 metres/day and a good weaver would turn out 10 metres/day. MSHCF will supply the mill yarn pick up cloth and pay a conversion charge of 80p/metre. Each weaver would have to buy his own loom at Rs 1,500. MSHCF has no scheme to cover this.

#### Major Contradiction

Breaking through the "no heritage" image and getting full financial support for stipends and looms.

#### Next Steps

1. Choose a village near Nagpur, e.g. Uti and Naryan Chincholi in Sholapur for experimental work.
2. Build a scheme with MSHCF that will fit our needs and solicit maximum support from them.

#### 4. Nadlapur Human Development Project

Nadlapur HDP has made a strong push in blanket weaving (and rope making) and financially undergirded it. The major items so far that have not been solved are raw materials to some extent (especially in rope making) and markets in both cases.

Probably in the next few months enough experience will be gained to see how these may be utilised in other villages.

NSIDC

NATIONAL SMALL INDUSTRIES DEVEL CORP.

Context:

A National level hire-purchase.  
Structure for buying machinery,  
Chairman is Mr. T.S. KANNAN.

Present Situation:

Maliwada has applied to the NSIDC  
for a loan of upto Rs. 2 lakhs for  
five medium and small units. e.g.

- (1) Cardboard box making.
- (2) Envelope making.
- (3) Potato Wafer making.
- (4) Plastic bag (extrusion)making.

The application has been given to the  
District Industries Centre. Ourongabad,  
which if it considers the scheme feasible,  
will recommend to N S I D C to give the  
loan to Maliwada.

Major Contradiction:

Un knowability of the two structures  
i.e. N S I D C & D I C. Whether they  
will concretely support this scheme.  
Usually N S I D C does not recommend  
loans for a cluster of small Industrial  
units.

Next Steps:

Through D I C. approach the bank (SBI)  
for working capital.

## GENERAL

1. Mr. B. N. Bhagwat, Industries Commissioner of Maharashtra, and ex-collector of Aurangabad when Maliwada Consult was held, and upon being presented with Geoffrey Phillips ancillary industry letter to him with accompanying report, said he would write to the industries in Aurangabad, Nagpur and perhaps Pune to set-up a time when we could discuss with them the possibilities of establishing ancillary industries in village projects in their districts.

Instead of writing the letter he advised that he was doing it by telephone. He had scheduled Aurangabad for the 2nd week of December. Vinod was to check the date upon return from Delhi, 12/12; however, he suspected that Bhagwat had postponed the meeting.

Next Step: Vinod is recontacting Bhagwat to get time of set-up.

2. Mr. P. M. Joshi of Karam Chand Thakur & Bros., Nagpur, has drawn up a detailed scheme, along with several tools for launching small industries in Maharashtra Village Development Project. This included a 12 month industry implementation timeline to monitor the stages, a detailed survey form and procedure for a village and its region, a week entrepreneur training course, and aid in arranging technical training, machinery and markets.

We have no way of knowing whether his scheme is viable to the local situation or meets the concrete practical needs of the village. Also, we do not know the cost to us of personnel, time and money over against the results produced.

Next Step: The Nagpur Divisional Officers and the Nagpur Circuit (or the bi- & tri-district circuits) meet with Mr. Joshi and start immediately implementing his plan in a circuit. This kind of experiment would allow us to test the results and to see the possibility for expansion.