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CHAPTER - 5

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PROBLEMS AND PROSPECTS OF DAL INDUSTRY.

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PROBLEMS SORTED OUT.

The present situation of Barsi dal processing mills shows that majority of the old mills are small-sized and not very economical because of low productivity. Only 30 to 50 percent productive capacity is utilized by these firms. Only 20 percent mills are modernized, better organized and using higher productive capacity. Their problems are sorted out below.

1. Lack of managerial skill.

It is an important problem. The small firms are poorly organized. They cannot employ an expert manager and efficient technical personnel. The small units can't engaged an expert for raw material purchases and can't employ efficient selling staff also.

2. Lack of capital.

The small dal mills can't raise long term capital. Moreover, sometimes they cannot easily get loan to meet their requirements of working capital. The big dal mills can convey an impression of security and stability while other's cannot which influences adversely their loan raising probability.

3. Short and irregular supply of raw material.

The demand for dal is increasing year by year. But the production of pulses is lagging behind. The gap is filled in by importing the raw materials from other States. A wide gap between supply and demand imparts instability and results into high price for the raw materials, which in turn affects the dal industry. When the raw material prices show upward movements, all the dal producer mills try to purchase the raw materials as early as possible and that also more than the usual stock. Naturally, it helps to push up the prices further. As a result, the weaker mills are affected adversely since they possess less working capital. The high priced raw materials lock up most of their working capital, causing ~~diffi~~ difficulties in the day-to-day management of the mills. To surmount their difficulty, often the mills are tempted to purchase cheaper raw materials for their production and thereby produce lower quality products.

5. Low productivity and high cost of production.

This is the problem of small dal mills in Barsi town. Due to ~~lack~~ lack of modernization and upto date tools and equipments, their production capacities remained low. Apart from that the cost of production is pending to increase day-by-day. So, especially the old units do not run satisfactorily.

6. Supply of power.

Regularity in the supply of electricity is an important factor in the successful working of the mills. Barsi dal mills are facing difficulties on this side also. Electricity supply is irregular and inadequate. Consequently the production activity is discontinuous. One of the mills has therefore, installed a diesel generator set. But often this alternative mode of energy is found to be costlier.

7. Lack of co-ordination and co-operation.

Each and every dal mill at Barsi is on isolated unit. They have not formed a common platform to smoothen the internal frictions and to provide an united front. Every mill is carrying out its activity independently with no co-ordination amongst them. The result is an unhealthy competition among the mills affecting adversely the economic states of the weaker units particularly. In totality the prospects of the industry become rather grim.

8. Short term seasonal processing.

Many dal processing units process pulses seasonally. Their production begins when the raw materials are easily available. However, due to lack of sufficient financial strength, the mills cannot make large-scale purchases of the raw materials so as to maintain a balance of stock for a few months to cover the lean season. Presently their stocks are sufficient for about a month's requirement. Most of the mills, therefore, keep working for 100 to 120 days in a year and remain closed for the rest of the year.

9. Storage problem.

Even if the financial constraints are overcome, legal constraints are problematic to the mills. Generally, there is a tendency among the mill owners to store a large quantity of raw material for future requirements when the prices are depressed and to stock the finished products for sometime in the interest of maximum benefits. But the government has imposed restrictions on the quantum of raw material and finished products that can be held in stocks at any time. The ceiling for the storage of raw materials is the mill's requirement of 30 days and for finished products mill's production of 15 days. The small units have problems in working within these limits.

10. Threatening competition with other markets.

Barsi is a leading dal processing centre in the State of Maharashtra. But some new centres like Jalna, Latur, Nasik and Amravati (in vidarbha) are fast establishing as competing centres far and near in the state. Besides these, in Madhya-Pradesh and Uttar Pradesh a few centres of dal production have, of late, come-up. Indore in M.P. is one such. So Barsi mills are and will be facing stiff competition in the national market. On account of availability of transport facilities on a wide scale raw material and finished products can be conveniently and speedily transported from place to place by the new centres. Naturally, other dal producing centres and market places are posing a threat to Barsi dal mills.