

## CHAPTER III

### PROFILE OF BARSHI TEXTILE MILLS, BARSHI.

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CHAPTER - III

PROFILE OF BARSHI TEXTILE MILLS; BARSHI.

3.1 ORIGIN AND DEVELOPMENT OF JAY SHANKAR MILLS; BARSHI.

The Barshi Textile Mills was formerly known as Jay Shankar Spinning Mills, Ltd., Barshi, Dist. Solapur.

The Mill was organised in the year 1922. The businessman Late Mr. G.R. Alias Kakasahab Zadbuke took the leading part in installing this organisation. At the first instance this mill was famous in manufacturing yarn. The authorised capital of this mill was actually Rs. 20,00,000/- paid up capital was Rs. 11,96,763/-. The production was commenced from the year 1928 on 10,556 spindles and in 1935 new 1224 spindles were added as part of development plan. The earlier management had the plan of modernisation and expansion. They were to start the production of cloth.

Though the town had not obtained reputation as industrial centre, at that time nearly 1,100 workers got opportunity of employment in this mill.

Within a short span of time Jay Shankar Mills could make its presence felt in the market. This success is naturally due to the stewardship of late Shri. Kakasahab Zadbuke who had all the business accumen. The mill reached to the its maximum point of production. During the Second World War; Jay Shankar Mills could make tremendous progress in terms of production. This was mainly attributable to the favourable

circumstances then existing as India was the Supply base for allies.

Along with the progress on production front, the management was equally conscious of its responsibility towards welfare of workers. This was something more than the legal requirement as nothing was then binding on the management. Without waiting for any legal steps to be taken by the Govt. management had shown enough awareness in introducing certain labour welfare measures. A brief account of these welfare measures had been taken below.

Mr. Kakasahab Zadbuke was knowing and practicing the importance of human relationship in running the mill. He was responsible for providing the canteen facility, dining hall, rest room, radio and telephone facilities, uniform to needy workers, schools for worker's children, medical recreation, creche facility and also the arrangements were made to provide grain shop with cheaper rate.

Along with these facilities special arrangements were made like carpentary shop and flour mill. The dearness allowance was increased from time to time to meet the growing needs of textile workers on account of inflation. One important thing noticeable here is that management had appointed a 'Labour Officer' for settle of grievance.

This clearly shows that management under the leadership of Shri. Kakasahab Zadbuke was quite enlightened and progressive

in its out-look practising all the modern management principles.

This mill lost its dynamic leadership because of the sad demise of Shri Kakasahab. The things deteriorated after 1964 as the new leadership was quite incapable to run the mill successfully. This lack of management was reflected in the deterioration of quality of production. The closure of the mill was clearly in sight and the immediate problem had been how to avoid unemployment problem.

Jay Shankar Mills developed a peculiar financial position. In the two consecutive years i.e. 1964-65 and 1965-66 it suffered heavy losses. Immediately in the next couple of years i.e. 1966-67 and 1967-68 it could recoup its position and the operations were profitable.

But during the period 1968-69 to 1971-72 management lost its control on the financial affairs of the mills. The things come to such a pass that it necessitated nationalisation of this mill in the year 1972.

The declining trend in sales is clear discernible in the graph (No.1). This position was coupled with accumulated losses which can be seen from graph (No.2) when the sales are bound to be there. The employment position has already been mentioned earlier. The total wage bill was around Rs. 17,83,789.00. Before 1964 it was less than 10,00,000. The increasing wage bill stated building up the losses.

The two alternatives in sight before the management were-

1. Whether to run the mill - contributing to accumulated losses. OR
2. Whether to close down the mill - minimising the losses.

FINANCIAL POSITION BEFORE GOVT. TAKE OVER

Table No. 3 (Jay Shankar Mills) (Rs.in lakhs)

Particulars	1969-70	1970-71	1971-72
1. Paid up share capital	11.97	11.97	11.97
2. Reserve and Surplus	2.62	2.62	2.62
3. Net block (Volume of Assets)	24.10	23.03	22.16
4. Net loss	6.02	4.24	6.45
5. Cumulative loss	33.98	38.22	44.67
6. Less losses	-19.39	-21.79	-25.34
7. Capital employed	1.28	.58	5.92

SOURCE : Company Record.

The table shows the financial position of Barshi Textile Mills before its take-over. It throws light on the abnormal situation developed by the unit. The accumulated losses had been mounting up which exceeded the total amount of paid up share capital plus reserves and surplus.

# CUMULATIVE - LOSS

CUMULATIVE - LOSS (Rs. in Lakhs)

ON - Y' axis 2cm = 4 Lakhs

ON - X' axis 2cm = 1 Year

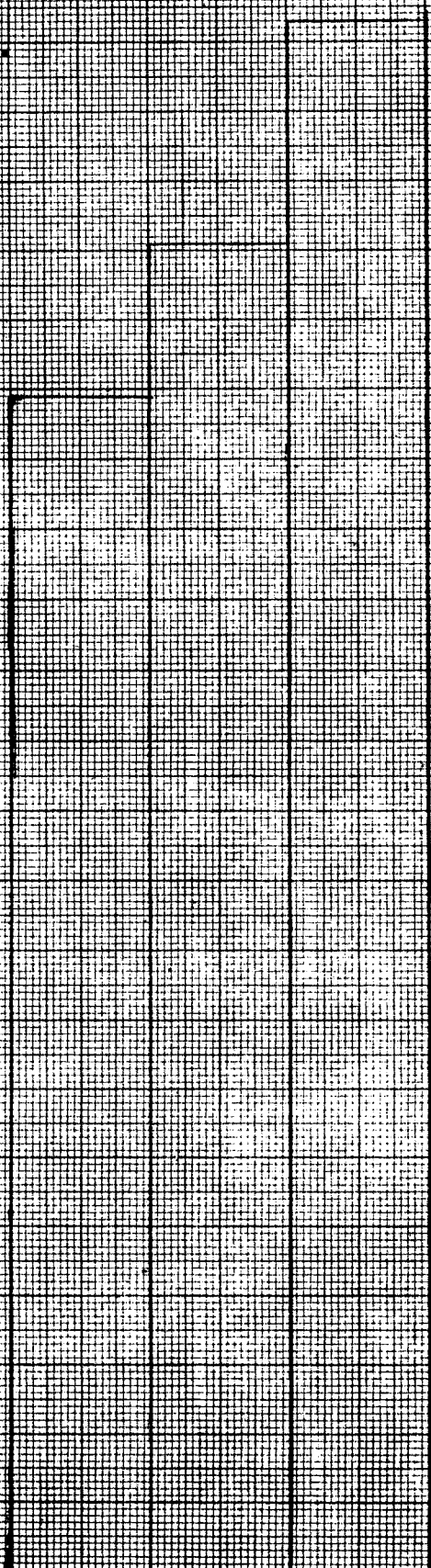
Y-axis scale: 0, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

1969-70

1970-71

1971-72

YEAR





### 3.3 Barshi Textile Mills Position Before Take-Over By The Govt.

#### 1. Spindles

Table No. 2                      Spindles position before Govt. take-over.

Year	Spindles
1968-69	11,780
1969-70	11,780
1970-71	11,780
1971-72	11,780

With the spindle capacity of 11,780 in the year 1964-65 only 4000 spindles were in operation. It amounts to 35 per cent capacity utilisation. The lot of 7780 spindles was kept idle for want of proper maintainance.

### 3.4 Barshi Textile Mills Position Before Govt. Take-Over.

Table No. 3                      Sales turnover before Govt. Take-Over,

Year	Sales (Rs.in lakhs)
1969-70	92.76
1970-71	79.67
1971-72	70.65

SOURCE : Company Record.

The declining sales position can be clearly seen from table No. 3. The sales might have been declining mainly due to non-availability of market. This is attributable to increased cost of production of yarn. The increased in cost of production has mainly resulted into upword price revision of yarn. Naturally there was a stiff resistance from the market. Another significant cause for declining sales can be started to be low quality of yarn produced. This being only the spinning mill, the quality of yarn was a crucial factor determining the levels of sales.

# SALES-TURNOVER

ON Y axis 1 C.M. = 5 Lakhs

ON X axis 2 C.M. = 1 Year

SALES-TURNOVER (Rs. in Lakhs)

100  
90  
80  
70  
60  
50  
40  
30  
20  
10  
0

1969-70

1970-71

1971-72

YEAR

X

