

CHAPTER

V

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SUMMARY AND CONCLUSIONS

A business organisation is required to execute expansion plan at least once in its lifetime. Expansion includes expanding the capacity in the existing line and spreading its activities in a diversified line. This is a study of expansion plans undertaken by Gadhinglaj Karkhana, how they were implemented and how the post-expansion adjustments were made.

EXPANSION OF CRUSHING CAPAICITY :

Gadhinglaj Karkhana requested for capacity expansion upto 2500 MTD. in April 1983. The Government gave a letter of intent for expansion of plant capacity upto 2000 MTD. in September, 1984. In December, 1985, the State Level Purchase Committee reviewed the quotations received and finalised the names of

- (1) National Heavy Engineering Co-operative Ltd., Pune.
- (2) Texmaco Co. Ltd., Calcutta and
- (3) Triveni Engineering Works Ltd., Bangalore

as suppliers of different items of machinery.

Funds were raised in time, the project was started and completed in time. Cost escalation was negligible at a figure of Rs.5 lakhs in the total project cost of Rs.350 lakhs. Gadhinglaj Karkhana started its operations with expanded capacity from the year 1987-88.

DIVERSIFICATION IN TO DISTILLERY :

Another expansion plan, carried out by Gadhinglaj Karkhana was a diversification into distillery. A proposal for distillery project was submitted to the Government in July 1983. Licence for the same was received in February, 1984. Gadhinglaj Karkhana opted for the latest available technology which ensured disposal of polluted water. State Level Purchase Committee gave approval to Praj Construction Pvt. Ltd., Pune as the suppliers in February, 1986. Loan from NCDC (65 % of the total project cost of Rs.265 lakhs) and the owned funds (35 %) were raised in time and the project was completed within the stipulated time. There was no cost escalation. Regular operations of the distillery started in 1987-88.

MANAGERIAL ASPECTS :

As the objectives of both the expansions were clear to the management of Gadhinglaj Karkhana all the decisions were taken objectively. These decisions were implemented immediately. In case of both the expansion plans there was no delay and almost no cost escalation. Available resources were used in the best possible manner. Changes that were to take place after expansion were properly understood and necessary adjustments were made to meet such change. Post-expansion operations, thus, were efficiently and effectively managed.

