

INTERNATIONAL QUALITY PVC FROM INDIA

Khaleej Times SPECIAL SUPPLEMENT

I HAVE pleasure in welcoming you to the Fourth Annual General Body Meeting of your Company.

As we are all aware and have experienced, that our country is passing through a significant economic crisis. As a result, the growth prospects of all the industries including agro-oriented industry like ours have been

Chairman's speech

adversely affected. Fortunately, however, the agricultural production has not shown much decline and food production has, though marginally, increased. The May '91 credit squeeze imposed by Reserve Bank of India was across the board. To the best of my

Jain Group: Ambitious diversification plan

recollection, for the first time since independence, the credit squeeze did not exempt even the Agricultural Sector. Agriculturists for past over 5 months have not been able to obtain loans from the banking system. All the loan proposals have been kept in abeyance and are expected to be cleared soon.

Your Company's performance in the current year till date does reflect the impact of the above overall economic situation. The Company's turnover for the current year upto September 25th stood at Rs778.41 lacs as compared to Rs326.21 lacs for the corresponding

period of previous year—thus registering 138.62 per cent increase. The break-up of the above sales include exports of Rs345.71 lacs for the current year as compared to Rs17.03 lacs for the corresponding period of last year. Thus the increase of almost 2000 per cent in export sales is much higher than overall increase in the turnover.

The prospects for the balance of the year are encouraging. Your Company is hopeful of achieving a targeted turnover of around 10 crores for exports and about 25 crores of domestic sales. In fact, for the first time in the history of the Company, the Company has

pending export orders of over 7 crores. The scenario on the domestic front is also quite healthy. The Company is in advanced stage of negotiation for two large projects to be executed in next 3 months. These two projects alone would earn a net turnover of more than 3 crores.

You may be aware that India has the largest area—55 million hectares under irrigation. It is more than 1/5th of the total irrigated area in the world. Of these over 20 million hectares are affected by the phenomenon of salinisation. In fact, as much as 7 million hectares of land in India has already become totally un-productive. In other words, 1/3rd of the total irrigated land is in the eminent danger or has already become unusable. In addition, there are other areas which are in different stages of desertification in the country. The World Bank and the Rockefeller Foundation, Washington, USA, have assessed and forecasted that within next 25 years, the land which is today producing wheat in Punjab will become unsuitable due to water logging and salinisation. Thus, water logging and salinisation will be a continuing menace to the country and the crisis will have to be resolved through new and bolder initiatives.

We are currently irrigating over 25 million hectares and the use of ground waters has been very high and thoughtless in cultivating the commercial crops.

As a result, for instance in Maharashtra, the ground water level has been going down at the rate of 1 to 2mtrs every year. In other words, we are taking more water out of soil than what it is getting back by recharge. In effect, we are mining water and what is worse the ground water is not being put to efficient use. It is being wasted through seepage and evaporation because we are still continuing to use only the conventional methods for irrigating our crops.

Drip Irrigation, as a technology, can partially alleviate the problems of salinisation, water logging and wastage of water. Drip Irrigation is synonym with saving of water. It also stops deterioration of soil. It reduces the rate of ground water level decline. Question of water logging doesn't arise because in Drip Irrigation no surplus water is allowed to accumulate anywhere. Besides, through Drip Irrigation Systems, even the marginal soils and saline water can be put to use for growing domestic crops and forestry. Even undulating terrain can be brought under forestry at optimum cost by Drip Irrigation.

In nutshell, Drip Irrigation is the best method for attaining ecological balance and better environment. In addition it promotes greater water use efficiency, puts otherwise unusable land and water to productive use and thereby increase



B.H. Jain
Chairman

agricultural and forest productivity.

I am glad to say that your Company, through its relentless drive, has succeeded in bringing home the concept of Drip Irrigation to farmers, bureaucrats and policy makers. People at all levels of leadership in politics and bureaucracy have, to a varying degree, become aware of the relevance and significance of Drip Irrigation in the national context. This awareness has resulted in greater attention on their part and your Company expects greater positive support from the Central and State Governments in the near future.

Farmers, on the other hand, have realised the efficacy of Drip Irrigation Systems for increasing yield, saving water and bringing larger area under cultivation at optimum operating cost.

Your company maintains two distinct R & D Centres one each at the Farm and the Factory. The Factory R & D centre works on improvement in the existing product range and undertakes developments of new products suitable for domestic as well as export markets. I am happy to report that the dedicated R & D staff has succeeded in developing a sub-surface irrigation tubing for application in row crops. This will save precious foreign exchange and will act as an import substitute. The product has been christened as Jain Bit-wall. The R & D in the Farm is used for field testing of company and competitor products as well as for evolving suitable agronomic practices and irrigation scheduling. Scores of visitors from within the country as well as from abroad acclaimed the R & D efforts and your company has derived immense benefit from this activity. The R & D Farm is the only of its kind in the country.

Your Company has drawn up ambitious plans of expansion and diversification in related areas in Domestic and Export Divisions. The total cost of project is estimated at around Rs57 crores. Out of this, the company has

planned to raise Rs45 crores by way of Rights Issue subject to CCI sanction. Out of the balance, apart from the internal accruals, Rs10 crores have been sanctioned by ICICI. On implementation of the above project by 1995-96, the company expects to attain about Rs160 crores turnover in which 50 per cent shall be by way of exports.

The recent liberalisation and decontrol package unveiled by the Government of India shall support your company's proposed ambitious export growth plans. However, mere liberalisation of import/export procedures and policies are not going to help much if the present cumbersome and highly discretionary provisions and structures pertaining to the Customs and Banking Sectors are allowed to remain unaltered. For achieving desired levels of exports, all the concerned government institutions must act in unison and develop an outward looking attitude and export culture, admitting certain amount of calculated risk and spreading an environment of mutual trust and co-operation between the Exporting Community and themselves.

In conclusion, I will be failing in my duty if I do not express my sincere appreciation of the continuous support and encouragement received by the company from its bankers, financial institutions, customers and suppliers. Last but not the least, I also express my thanks to the employees of the Company at all levels for their commitment to the company's objectives and dedication to their duties.