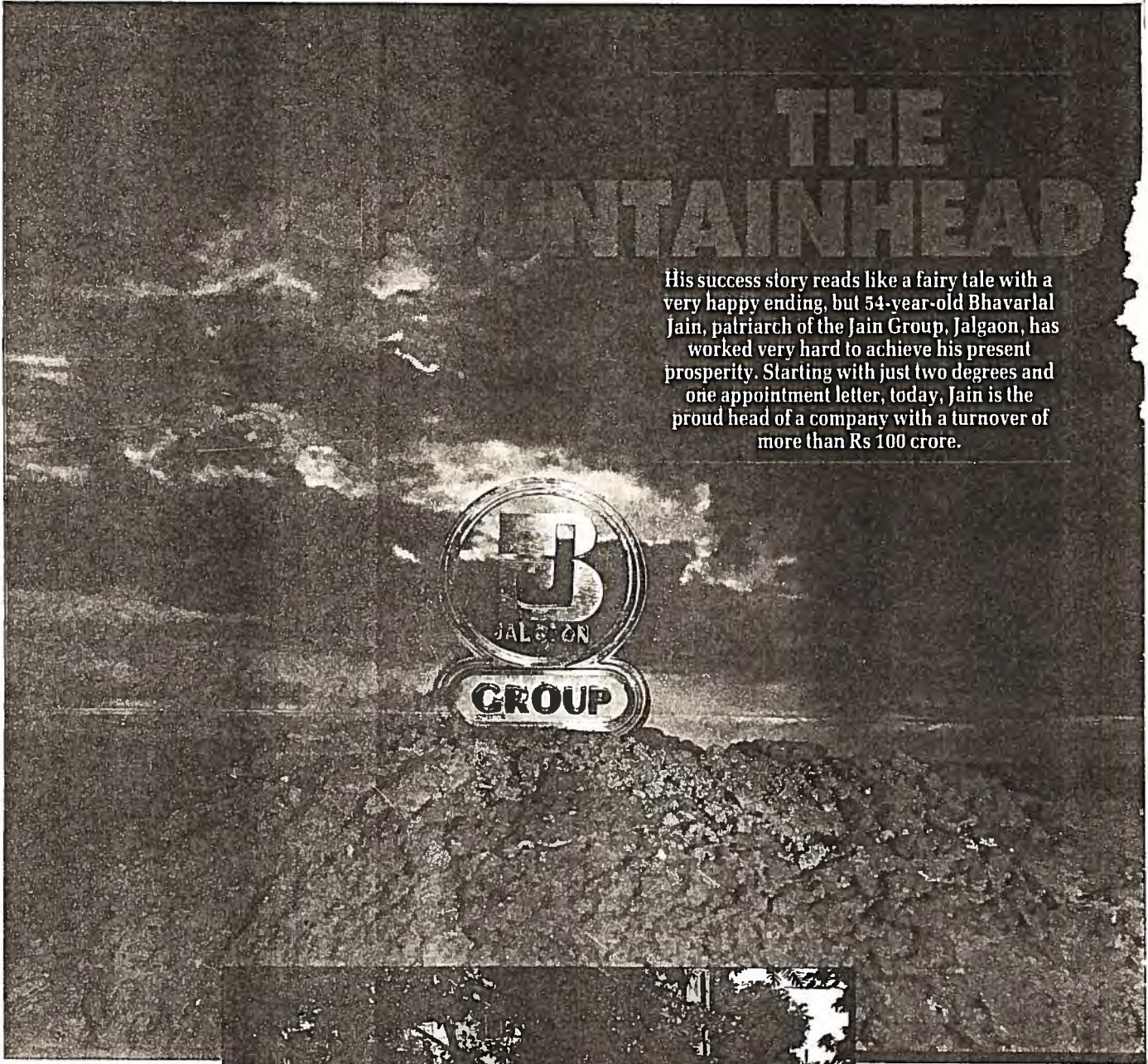


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ACHIEVERS
DAKSESH PARIKH

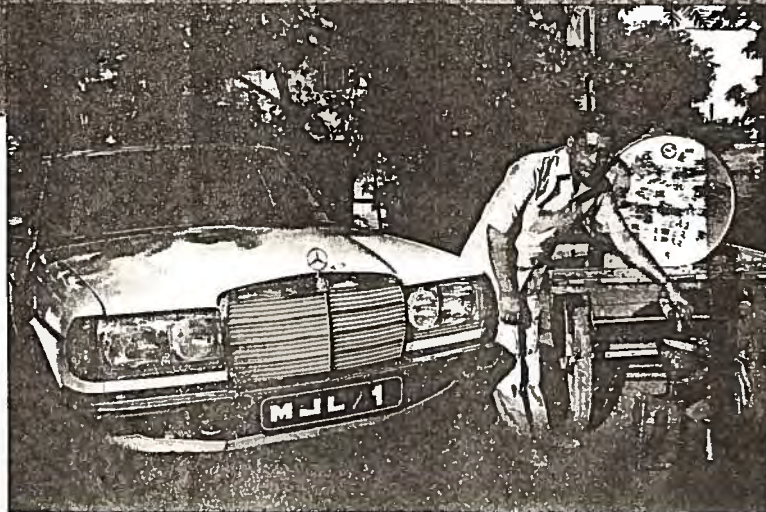


His success story reads like a fairy tale with a very happy ending, but 54-year-old Bhavarlal Jain, patriarch of the Jain Group, Jalgaon, has worked very hard to achieve his present prosperity. Starting with just two degrees and one appointment letter, today, Jain is the proud head of a company with a turnover of more than Rs 100 crore.

THE story of Bhavarlal Jain's meteoric rise from a kerosene peddler in the sleepy town of Jalgaon to the top of an empire that boasts of a turnover of well over Rs 100 crore, reads better than the success story of Dick Whittington's fabled rise to stardom. The only difference being that Dick had his cat to fall back on, to counsel him and guide him in hard times. Bhavarlal had no one. For that matter when he started out he had neither experience nor capital.

Indeed, the group (it comprises one public limited company and numerous private partnership firms and smaller companies with a current annual cash profit of nearly Rs seven crore) was built on a meagre capital base of just Rs 7,000.

All that Bhau (as Bhavarlal Jain is affectionately called in Jalgaon) had, when he embarked



on his business venture, three decades ago, were two degrees in his pocket and one appointment letter from the Maharashtra State Public Commission, assuring him of a career as a deputy collector or *mamlatdar*. If

he did have anything else it was the will and the determination to make it to the big time league, come what may.

Today, bankers and mutual fund managers fall head over heels to offer him finance at cut-

throat rates and it is difficult to imagine that Bhau once had to plead with the head of his joint marwari family for Rs 7,000, so that he could start a business. This amount, incidentally, represented the sum total of his

family's savings. A little bit of added persuasion from his mother and one of his uncle's did, however, help him secure the capital.

Convincing the district marketing development officer (DMDO) however, was quite another feat. "I can still vividly recall the day the young man came to see me," H R Handa the then DMDO reminisces. "The young marwari could make a very convincing plea for a kerosene dealership for which perhaps his legal training helped him. I tried to dissuade him and make him realise the folly of wasting the MSED's offer and venturing into a totally unrelated area. But the youth stuck to his goals," Handa recalls. "I finally got him a sub-dealership with an existing sub-dealer and told him that his career would depend on the business he would be able to procure in the first four months."

BUSINESS WEEKLY

THE MARK OF A MAN

The baron of Jalgaon speaks on life, business and government.

THE 54-year-old patriarch, of the upcoming Jain group of companies, Jalgaon, Bhavaralal Jain, talks on politics and a host of other subjects.

What do you think of the liberalisation measures initiated by the present government?

I believe the country can become a super-power if the government implements even 50 per cent of the measures contemplated. Any system that has 150 persons sitting in one place and drafting laws aimed at governing 85 million people, just cannot work. Bureaucracy will have no option but to live within the changed scenario.

Why do all industrialists attack the bureaucrats?

In a bureaucratic set-up there are too many people who are authorised to say no. It is much simpler to say no than to say yes. Saying yes means that you are accountable for your actions. This negative aspect of our bureaucracy is what has really put off the industrialists.

What kind of a role do you envisage for the government?

What we require is some degree of enlightened guidance. The country is too vast and lacks resources to disseminate information. The government should take on itself the responsibility of educating its citizens and should not attempt to control and restrict their activities. It should play the role of an enlightened instructor and not a policeman. What we require today, in a dynamic society, is more of justice and less of law.

Why have you never ventured outside Jalgaon?

My roots are in Jalgaon and I am a firm believer in the theory that man cannot be estranged from his roots. If an opportunity for growth is provided anyone would willingly settle down in the city of his birth.

Would this theory hold good for the Indian non-residents?

Yes. The roots are so deep that no one would like to die on foreign soil. If an opportunity is made available, they will certainly come and settle down in India. I always felt that the government has never fully appreciated the role of the NRIs.

Why are all your activities agro-based?

I am a son of the soil. Farming runs in my blood. My great grandfather who had migrated from Rajasthan with nothing but a *loti* took to farming. My grandfather used to sell farm products like *ghee*, carrying tins on his head for miles. Even as a youth, I always wanted to help the poor farmers.

Did you at any point in

your life make a wish that you should one day roll in wealth?

Strangely enough, I was never interested in earning money for its own sake. I always cherished the thought that one day I would achieve something—something people would remember me by. I never believed in accumulating wealth.

Why have you never dabbled in real-estate? I believe that the real-estate business saw many fortunes in the '70s.

True. But I never believed in speculating in land. I dislike the concept of unearned black money. I believe that unearned income gets converted into wealth of a kind that eventually will degenerate and destroy subsequent generations.

But do you feel that honesty pays in business? Why be honest if honesty does not pay is the general principle that is followed by most industrialists?

It would be wrong to say that honesty does not pay. I have never bribed a single supplier or a bureaucrat. The accretion of my assets should amply serve to disprove the myth that you have to be dishonest to be rich.

How far has political patronage contributed to your success?

Absolutely nothing. I have got all my agencies on merit. I have neither resorted to bribery nor to political influence to build my business.

But you are known to be very close to Sureshdada

operative, never really took off despite the fact that it was equipped with the best of machinery. It had started with a modest capital base of Rs five lakh and the total losses of the company had, by end of 1977, gone up to Rs 23 lakh.

When the factory was put on the auction block, there was but one brave bidder from Nasik who was willing to stake his fortunes to acquire the factory. This gentleman had figured that the machinery, with a little modification, could be used to manufacture *papiyan*—an industrial chemical derived from the milk on the papaya fruit, which were found in abundance in and around Jalgaon.

When Jain heard that a rank outsider was planning to bid for the factory, he approached the co-operative members and sought to acquire the factory himself. "I did not know why that Nasik fellow wanted the factory. Nor did I possess any technology. However, the very fact that someone else saw some value in it was good enough for me," he explains with a touch of modesty. "Neither me nor my family had the funds. But I was confident that I would not be restrained by the want of money," he adds.

For a person who had never gambled this was a big risk, indeed. The auction commenced and both parties started the bidding. Twenty lakhs, 20 lakhs 50 thousand, 22 lakhs—it went on. When the Nasik dealer finally stopped at Rs 28 lakh, 50 thousand the reckless streak in Jain burst out and he bid Rs 30 lakhs.

The local man won hands down. Then came the reckoning. The co-operative decreed that Rs 10 lakh (over and above the earnest money of Rs one lakh) was required to be paid

and you know me, Mr Dumble. I shall repay every rupee I have borrowed," was Jain's retort.

So, the money did come his way and it took care of his immediate needs. Another eight lakh was arranged through a friendly loan given at an incredible two per cent per annum. The balance was paid by rolling over the suppliers' money and delaying payments with their acquiescence and a promise of paying interest on such delayed funds.

JAIN finally took possession of the factory on the auspicious day of Mahavir Jayanti, 24 April, 1978. With his IIT-returned nephew on the job, the factory, after some initial teething trouble, soon started contributing to the profits of the growing Jain empire. Setting up a fruit-powder and fruit-candy plant was the natural offshoot—which took care of the papaya waste.

Interestingly, Jain's foray into pipe manufacturing was also the result of a supplier's inability to meet the growing demands of the chemical firm. Today, the Jains are the undisputed leaders in the plastic pipes' field with an annual capacity of 12,000 tonnes.

What is interesting, is that all their manufacturing units are agro-based and centered around Jalgaon. Many units still enjoy SSI exemptions, although they are clustered under one roof. Each unit is looked after by different scions of the family.

Till recently, the Jains presented a united front. A formal separation was, however, effected a few years ago, after Bhavaralal Jain, the patriarch, suffered a massive heart attack. The parting was, reportedly, extremely amicable. For all practical purposes, at least thus far, it has been limited only on paper. Bhavaralal Jain's younger brother Kantilal has taken over the reins of the food industries, while the trading arm has been distributed between the former's uncles and cousins.

Exuding a high degree of confidence even today, Jain puts in nearly 12 hours of work every day. A strict disciplinarian, he expects a great deal of sincerity from his line workers and his executive staff.

Thanks to his humble roots, the man is considerably austere in all that he does. The Jains still live in rented homes. "I always felt that the money from the business should be ploughed back into it. That is the only way to ensure growth."

With such a closely knit work-force it is not surprising that the labour-management relationships continue to be extremely cordial in all his factories. Jain claims that he knows most of the 2,500 employees by their first names. The loyalty and admiration of his staff can be gauged from the fact that to date there has been no strike in the factory.

Today, the 54-year-old patriarch has no plans of retiring, despite his ill health. "I would like to try and do everything all over again," he exclaims. "Life is growth. It can stop only in the grave," he says summing up his philosophy of life.

HE had a big board placed outside his shop. It simply said that kerosene would be made available at the old rates. The word spread around town and it was not long before shopkeepers started queuing up outside his shop. Nearly 50 per cent of his stock was sold off in a day. While Jain had missed out on a fast buck, he had effectively capitalised on an opportunity and earned the lasting goodwill of the people of Jalgaon.

However, Jain knew that retailing would not be the right path to his goal. He soon started building markets outside Jalgaon. His first sale wasn't easy either. The 54-year-old plastic monarch, who today moves around in a Mercedes Benz, recalls that after travelling about 30 kms he tried to hire a cycle for his onward journey. But the shop owner refused to give him one because he did not know Jain and the young man did not have the money for a deposit. It was then that the young Jain learnt a lesson that was to help him considerably in life. He realised the importance of establishing one's credibility.

At the end of its first year, the new firm—Jain & Bros—had earned a profit of a little less than Rs 30,000 and had carried forward stocks worth Rs. 1,00,000. The story of success had begun.

Jain & Bros soon became a force to reckon with amongst the kerosene dealers of Jalgaon. The expanding business and a zeal for plain hard work helped Jain and his younger brother get a dealership from Hindustan Petroleum (Esso, in those days). In the course of time, they acquired a few more petrol pumps in and around Jalgaon. And by branching off into other product lines, the Jains soon had a flourishing trading outfit.

Jain got his second break in 1977-78. Just around the time he had begun his career as a kerosene dealer in 1962, a factory that made banana powder came up in Jalgaon. The factory, which was run by a co-

here are too many people in a bureaucratic set-up who are authorised to say no. It is much simpler to say no than to say yes. Saying yes means that you are accountable for your actions.

Jain and Sharad Pawar.

I certainly do have political friends. But I have not used this friendship to further my business interests. My respect for Sharad Pawar stems from his knowledge and understanding of agricultural problems.

Do you feel that you are indebted to society and you have to repay your obligation by donating a part of your earnings?

I don't feel indebted to society. But yes, I certainly plan to do something for my village. My dream is to put Jalgaon on the export map of India and make a name for it in the international community. I aim to increase the export earnings of my group from the current level of Rs 15 crore to Rs 100 crore in the next three years.