

PROFILE / Manisha Pitke on why Jalgaon's Bhavarlal Jain is bucking the trend

## Growth by integration

At a time when most of his peers in business are putting their eggs in as many baskets as possible, Bhavarlal Jain of the Rs 240 crore Jain group is busy integrating. And this, believes the 57-year-old chairman, is the most outstanding facet of his business philosophy.

"There is a link between the past and the future," he says. "We started off with seeds but we didn't stop there. We went further and began dealing in tractors and fertilizers. A farmer prepares the bed with the tractor, then sows the seeds and then applies fertilizers—throughout the entire process our customer remains the same. What we are doing is simply supplying integrated inputs. Now what we have started doing is buying back the output and adding value to it."

Little wonder then, that in the past 16 years, the group has grown from a small trading unit with a single production capacity to a multi-divisional multi-product entity that offers a whole range of integrated services to the agricultural consumer. Its flagship company, Jain Irrigation System Ltd (JISL), has five divisions under its fold and manufactures, apart from drip irrigation systems—plastic sheets, filters, moulds and dyes. The other component of the group comprises Jain Plastics & Chemicals Ltd (JPCL), which has three divisions that produce plastic pipes, papain and dehydrates and moulded fittings.

Despite its growth, however, Jain has not lost sight of his target market. And his gameplan is incredibly simple. Starting off with agricultural inputs, he went on to add plastics to his range (terming it 'plasticulture') and is now coming out with value-added products both for the domestic as well as export market. While drip irrigation systems and polymer sheets and pipes are already being exported, tissue culture banana plants will probably follow suit in the near future. The group's new productline includes water soluble fertilisers, solar heaters,

greenhouse timbron sheets, PC corrugated sheets and custom moulded articles.

Also on the anvil is a possible foray into banking and financial services. With the support services—Jain Securities International Ltd, Atlaz Computers (P) Ltd and Jain Foundation—already in place, it should not take too long to translate the blueprint into reality. If this looks anti-synergistic, Jain emphasises it's not so. The new ventures would focus on the modern demands—namely financial services and information technology—of the rural sector.

Interestingly, Jain's decision

to stick to his knitting is born out of his long standing commitment to the agricultural sector. It goes back to the 70s when nationalisation of Esso Standard Eastern Inc. forced Bhavarlal Jain to start trading in auto products. Five years later, when his auto dealership had found a firm footing, Jain came across something that changed his life. One evening he spotted an oil rig sporting the following message: 'Agriculture, a profession with a future'. A farmer's son, Jain was moved and made up his mind to concentrate on rural, agrarian India.



The Jain group's Bhavarlal Jain: new horizons, new aspirations

Slowly, Jain began to trade related agricultural items like irri-

gation systems PVC pipes, fertilisers, seeds and pesticides. This necessitated a good distribution network and warehousing facilities which in turn helped the fledgling group gain a firm footing in the rural market. And to this day, this dedicated consumer-base has helped the company consolidate and grow. Not surprisingly, Jain is reluctant to get into anything that is totally divorced from his core interest.

The manner in which Jain made

the transition from trading to manufacturing is an excellent example of his entrepreneurial spirit. Jain Plastics & Chemicals was

born in 1978 when Jain decided to acquire a sick banana powder making plant in his native Jalgaon. A technocrat from Nasik had also wanted to buy this plant and modify it to manufacture free-flowing papain from papaya latex. Bhavarlal Jain knew nothing about papain, its manufacturers, or users. His logic was that if someone from Nasik could make a go of this project, so could he. Even if he failed to manufacture papain, he reasoned, the six and-a-half acres of land with 50,000 square feet of built up area could be used as a warehouse for trading operations.

The plant was bought for Rs

30 lakh. Bhavarlal Jain invested just Rs 2 lakh, but the manner in which he raised the remaining Rs 28 lakh is testimony of his persuasive power. The had a policy of not lending money for takeover of sick units. Bhavarlal Jain, however, argued that since no funding agency ever finances a project but the person behind it, his reputation as a borrower should be considered, rather than the viability of the project. Convinced the bank lent him Rs 20 lakh. The remaining Rs 8 lakh were raised by diverting working capital funds and supplier's credit and borrowing from the market.

Soon, JPCL started exporting refined papain. In 1980, the group installed a small extruder, with a capacity of 100 tonnes, and subsequently began manufacturing pipes. In six month's time, two more extruders were installed. Before long, there were five separate units manufacturing various kinds of PVC pipes.

Five years later, Jain Irrigation Systems was born. It's drip irrigation technology, which aids in conserving and supplying scarce water resources in drought prone areas made it ideal for Maharashtra. Manufacturing a drip irrigation system required sophisticated technology, but the greater challenge lay in convincing the conservative farmers to accept it. Once again, the group's experience in serving the agricultural community came in handy. Fifty farmers from around Jalgaon were taken to Israel at the company's expense to help them appreciate the benefits of the system. Result: to date about 1,20,000 acres have been covered translating into sales worth Rs 130 crore.


Jain sums up his strategy thus: "What we are doing is facilitating the second green revolution in the country. New technology, new seeds, modern water management, liquid fertilizers, tissue culture—they are all part of this." Going by the growth of his group, this nose to the ground policy sure seems to be bearing rich fruits.



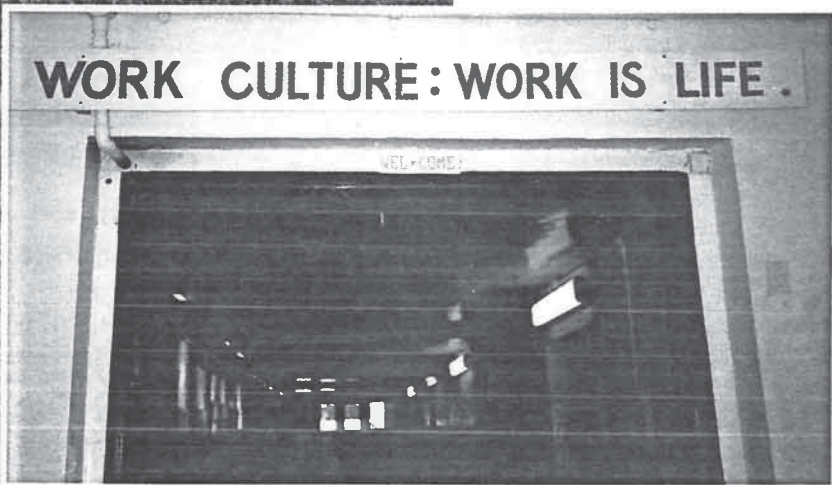
# Jain's Empire

The Chairman's message is everywhere. There's no missing it. It graces the first page of business reports, it greets the workers at the factory gates, it is the first thing that comes out of the Chairman's mouth in any interview – in telegraphic style: Work is Life! In other words, one should work for the pleasure of working. The expanded version of Bhavarlal Jain's three-ward apothegm, which he puts into practice in his group of firms, is: Leave the world better than you found it!

## The company

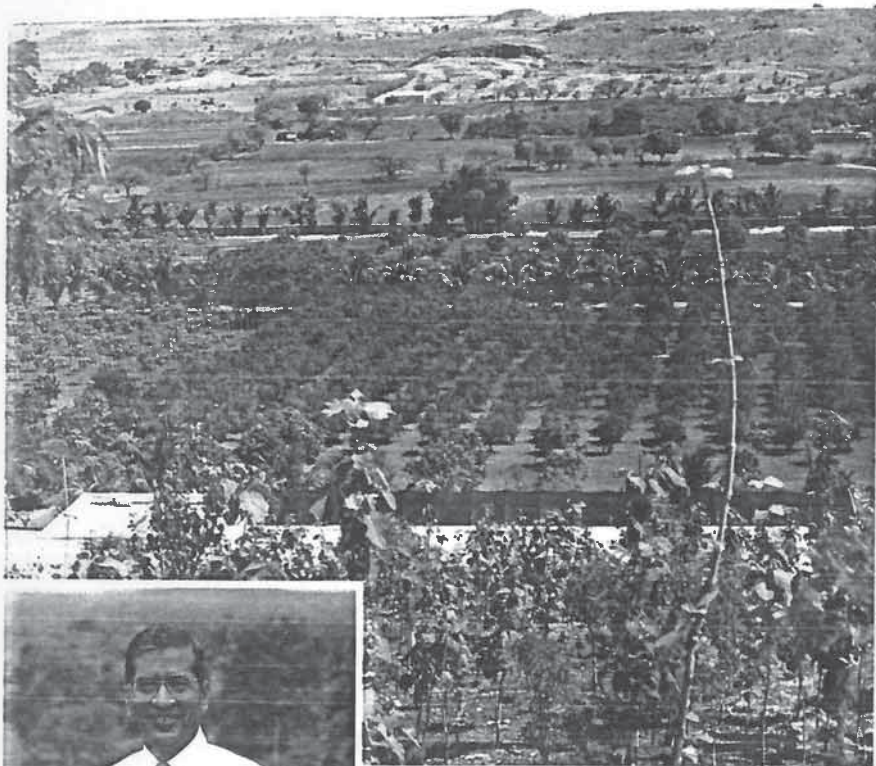
Given that water is one of the essentials of life, the Jain group has a vital role to play in maintaining existence. The company is headquartered in Jalgaon in the steppe-like East of the state of Maharashtra. It produces irrigation systems or, more precisely, systems for spray and drip-irrigation covering every stage from collection of the water in the  to its distribution in the field.

It was in the 1980s that Jain produced his first drip-irrigation installations in association with Israeli partners, who developed this water-saving method. Technology-exchange contracts have been signed with a whole range of countries. The factory manufactures mainly plastic components (pipes, connectors, spray-heads and drip-nozzles) and would not be out of place in any "classic industrialized country" as far as organization, cleanliness and technology are concerned. The extrusion machines for making the pipes are the best on the market, and the machine-tools used



in the moulding process come from the United States, Germany and Switzerland. Jain claims a market share of 64% in India. Jain's second product is natural papain, extracted from half-ripe papayas. Thanks to state-of-the-art microfilter technology, he is able to offer a first-rate standardized product on the world market. Together with his other products such as solar power systems, plastic roofs and complete glasshouses, not to forget tissue cultures, Jain achieved a turnover in the region of US\$50 million in fiscal 1994-95. A range of products, above all fruit such as mangoes, grapes

for wine-making, persimmons and guavas, are produced on the experimental farm at Mohadi near Jalgaon. As the activities of Jain Industries also include tissue cultures, a particularly important project is devoted to the development of a banana cultivar adapted to the region. The new strains belong to the Gran Enana and Dwarf Cavendish varieties. Jain's goal with the tissue-cultured plants is to revolutionize banana production in India. A drying plant for onions, green peppers, carrots and other vegetables, with a capacity of 15 tonnes per hour, is under construction.



*The man – Bhavarlal Jain*

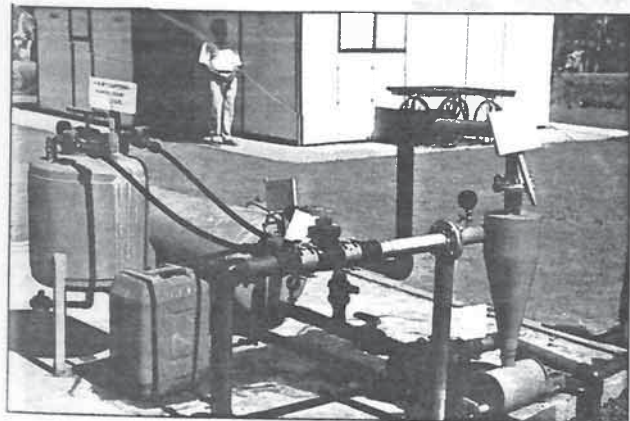
## The man

Bhavarlal Jain comes from a farming family that grew chilli peppers and other products near Jalgaon. In 1963, Jain sunk the family fortune of 7,000 rupees – US\$220 today – into a business dealing in kerosene, liquid gas and spare-parts for cars.

With agriculture such a ubiquitous presence, business expanded in the sector of farm machinery and supplies such as tractors, irrigation equipment, seeds, fertilizers and pesticides. In the first 15 years the Jain brothers achieved a turnover of 15 m rupees, while at the same time Bhavarlal was honing the progressive ideas he calls his “ideology.” Everything must be in a continuous process of improvement and development – house, factory, personality – in order to shape the society of the future.

Another of Jain’s ideas is: don’t move ahead on a lot of fronts independently, think how you can link things together. “Everything – fertilizer, seeds, the irrigation system – must come from a single source. But there’s more to it than that: we also buy the products that are made by the businesses we supply. This completes the circle and consolidates a relationship of trust with the customer.”

Setting up such a giant of a firm with global links in the wilds of Jalgaon takes a lot of guts. The nearest city is Bombay, 400 km (250 miles) to the West. Against all the odds Jain has managed to steer a remarkable success course for his company, especially over the last ten years.



## A revolutionary?

*How do you square your message, "Leave the earth a better place than you found it", with your irrigation system, which also pumps fertilizers and other chemicals into the ground?*

It is beyond doubt that the principle of fertigation improves the productivity of the orchards. Environmental pollution is infinitely less harmful than that caused by applying chemicals in solid form.

*Is your message, with its philanthropical overtones, compatible with doing good business?*

We're not so much interested in what we can earn with a given system or systems. Our contribution lies in improving society and the environment. It's quite simple: what we "borrow" from nature we must pay back manyfold, or the generations that come after us will not be able to survive.

Making a profit must not be allowed to become an end in itself but should be a – necessary – outcome of entrepreneurial leadership. If you are only interested in profits, you have to compromise on environmental protection or personal relations. So,

even if you take a philosophical view of business and entrepreneurship, this does not exclude making money.

We are closely involved and interested, via the Jain Foundation, in the wellbeing of the people of this remote area, but that does not make us a welfare institution, not by a long chalk..

*A lot of Indian businessmen have found fame and fortune – abroad. Why has Bhavarlal Jain stayed at home?*

I'm needed here. I don't feel the slightest urge to settle in Bombay or London or New York. If you look round you in the town of Jalgaon, you'll see signs of our presence everywhere. We are the biggest employer. We play an active role in anything of any size that takes place here. When it's a matter of entertaining visiting VIPs, we place our amenities and imported cars at their disposal.

In huge cities with their teeming millions, all sense of a useful life with a purpose is lost. It takes generations in America to reach the size of an Exxon or a GM or a Ford. Here, out in the country, I can feel my finger

on the pulse of life every day. In New York, Bombay or London I'm a drop in the ocean...

*You are the "biggest" man in Jalgaon. Do you feel capable of solving the many pressing problems of Indian farming?*

The second agrarian revolution is taking place right here. Its not for nothing that people from India and round the world journey here day after day to see the progressive face of farming. As my message implies, one should never be satisfied with the achieved, never rest on one's laurels. There must always be a better solution to any given problem. Progress is a never-ending process. It's like a river that flows on and on.

*Can one man with an idea do this alone?*

Absolutely. Every revolution starts with just one man. A revolution arises in the thoughts of one person, and that person must carry it forward. Take Socrates or Jesus Christ, for example. I am a part of this revolution, its head and its instrument.

