

# Industrial View

First and only platform for MSMEs

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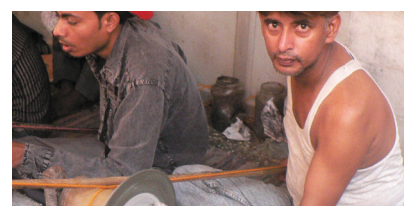
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## MSMEs cry for BANKS' HELP







(L to R) Shankarachary, Cherlapally, ILA executive member and FSME-AP advisor, G Prasad Kumar, minister for HTLTSSI, APK Reddy, President, FSME-AP and editor, Industrial View, N Kiran Kumar Reddy, CM, AP, Sudheer Reddy, Secretary, ILA, Cherlapally and M V Rajeshwar Rao, CEO, CREDAI at the launch of the magazine at CM's chamber



Srinivas Ayyadevara addressing the gathering at the SME Excellence Award function organized by The Hans India at Hotel Marriot on July 15, 2013.



## FSME-AP

### Launch of Industrial View

Chief Minister N Kiran Kumar Reddy launched Industrial View on 22 June, 2013. The CM handed over the first copy of the inaugural issue to MSME minister G Prasad Kumar.

Speaking on the occasion, the chief minister said, "A magazine for the MSME sector is a welcome development and the need of the hour."

M V Rajeshwara Rao, Former Secretary General FAPCCI and advisor to FSME-AP, Sudeer Reddy, Secretary, Cherlapally Industrial Local Authority, Sankarachary, Cherlapally, ILA executive member and FSME-AP advisor were also present on the occasion.



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*The jurisdiction of court cases pertaining to the items published in Industrial View will only be Hyderabad (the place of its publication). Cases of other jurisdictions will not be entertained.*

**- Editor**

RAGHURAMA RAJU KALIDINDI  
MEDIA CONSULTANT  
9849350555

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EDITOR : ARANI PRASANTH KUMAR REDDY



# MSMEs cry for banks' help

## MSMEs pitch for change in banks' attitude



**APK Reddy**

**T**hough much has been said and written about the sad plight of the small and medium industries, very little has been achieved in addressing the woes plaguing the tiny units, which till this day continue to earn lip-sympathy from the government and the authorities alike. While many sectors, which are partners of economic development are making giant strides over a period of time, small entrepreneurs are jumping from frying pan into the fire due to a variety of reasons.

While the government of the day gloats over the success of its slew of populist welfare schemes, micro, small and medium enterprises are given raw deal by the former. As the situation in this sector turned from bad to worse, small entrepreneurs, unable to cough up loans borrowed from banks, are resorting to extreme step of ending lives. Hapless entrepreneurs' are having a harrowing time while dealing with the bullying

banks as everything is packed off by bankers who convert the defaulting industries into Non Performing Assets (NPAs). Such is the condition of MSMEs in Andhra Pradesh, which boasts of initiating several innovative schemes for betterment of all sections of society and more so for bailing out the SSIs from the crisis .

It is no denial that erratic power cuts may be the reason for the pitiable condition of small industries but banking sector is also playing a spoilsport by suppressing the growth of SMEs and forcefully putting them on the verge of closure. Surprisingly, Central and State governments publicly direct the bankers to lend loans to establish new industries. Targets to the banks to give loans to this sector especially MSMEs are set. But in vain. In reality, banks shy away from their bounden duty of rescuing the ailing industries by failing to provide them with the timely financial loans.



Small industries play a big role in the country's economic development. The sector contributes about 8 per cent of India's GDP and constitutes about 45 % of the manufactured output and 40% of exports. Despite playing a key role in bolstering the economy, loans from the banks awfully lacking, thus jeopardizing the interests of the small industries. One cannot make head or tail as to why the government sets targets for the banks for disbursal of loans to the small industries, while on its part it doles out inadequate funds to the tiny industry. Even the subsidies are dished out irrelevantly.

Based on the suggestions, bankers give loans to the industries by adhering to certain procedures. Hence, it is time for bankers to shed all its inhibitions and lend a helping hand to the entrepreneurs to run the industry in a hassle-free manner. As per RBI norm, the entrepreneurs should be given a three-month time to start paying the interest and capital amount which they had taken from the bank for the establishment of the industry. RBI also suggests the banks to follow up the development activities being monitored. But the things go awry, as the branch manager works according to his boss' whims and fancies. No sooner after the banker lends the loan, he starts pestering the entrepreneur for payment of the interest. So much so, at times bankers act more than usurious money-lenders. And there is no mechanism to rein in the banks which flout the RBI guidelines with im-

punity.

If the entrepreneur is unable to pay the amount, the banks deduct the amount from Term Loan, LCs (Letter of Credits), Bank Guarantees (BGs), Book Debts, Key Loans and Cash Credits. After that, within the period of three months, the industries are being converted into NPAs. The bankers are not in a position to ascertain whether the entrepreneur is willfully defaulting or otherwise. Everybody is a victim of circumstances. The entrepreneur who has genuine problem should be given a chance to prove his worth. Using any coercive method to recover the loan from the entrepreneur will turn him into wilful defaulter. It is indeed highly regrettable that defaulters are being portrayed as a sort of anti-social elements or criminals by publishing photos of them in newspapers and taking possession of their mortgaged properties with the help of musclemen and security personnel. This is how the industries are being to suffering and harassment by the bankers. The quarterly RBI meetings give suggestions to bankers and government to look into the problems faced by industries. But, these are being ignored and brushed aside by the concerned authorities.

We at "Industrial View" take opportunity to request the concerned departments to ponder over the problems of the much-neglected and bruised SME sector and initiate innovative measures to revitalize and reinvigorate the said sector.



# Revitalising the SME's



The role of small and medium enterprises (SMEs) in the country's economic development is well established. The sector is often driven by the individual innovation and creativity. While the sector contributes about 8 per cent of India's GDP, constitutes about 45 per cent of the manufactured output and 40 per cent of exports.

The role of small and medium enterprises (SMEs) in the country's economic development is well established. The sector is often driven by the individual innovation and creativity. While the sector contributes about 8 per cent of India's GDP, constitutes about 45 per cent of the manufactured output and 40 per cent of exports. Although, Andhra Pradesh forms part of the ten states which registered rapid economic growth through SMEs with 2,984 working enterprises just constituting 3.67 percent of the total firms in the country, there is a need to further its progress. Our research revealed even though there are enough avenues available for the small business and industry to progress, they are still far away from success. And we also found the reason as lack of brand image. This revelation made us to work with an objective to build brand for small and medium enterprises in the state. And after a few brain-storming sessions both – internally and externally – we finally decided to institute excellence awards for those progressing SME companies in various categories.

We are confident that it will surely elevate and place the sector to a greater pedestal and encourage the players to improve their quality and capabilities besides bring in wanted discipline among the SMEs.

***Eqic Dies & Moulds Engineers Pvt.Ltd***  
***Best Performer of the Year 2013***  
***Manufacturing Sector (Small)***



A Brain child of seven technocrats who have rich experience in tool making, Eqic Dies & Moulds Engineers has come a long way since its inception in 1988. Though the company has begun its operations as a mould-base making entity, it now provides one-stop solution for precision engineering products. At present, it designs and makes high pressure die-cast-

ing dies, injection moulds, tooling for aerospace and automotive industries. Some of the products it makes include jigs, gauges and sub-assemblies for these two sectors. The company has won the Best Performer of the Year - Manufacturing Sector (Small) in The Hans India SME Excellence Awards 2013.

***Godavari Polymers***  
***Best Performer of the Year 2103***  
***Manufacturing Sector (Medium)***



Founded by Dr Rajendra Kumar in 1991, Godavari Polymers, which began its operations on a modest scale, has grown into a significant player in the areas of HDPE pipes, drip irrigation equipment and sprinkler irrigation equipment. The Secunderabad-based company, which markets its products under Godavari brand name, has logged in phenomenal growth in the past three years with its turnover zooming from Rs88 crore in the fiscal 2009-10 to Rs 157 crore during the FY-12. The company has won the Best Performer of the Year - Manufacturing Sector (Medium) in The Hans India SME Excellence Awards 2013.

***Gubba cold Storage***  
***Best Performer of the Year 2013***  
***Service Sector (Small)***





In 1987, Gubba Nagender Rao set up Andhra Pradesh's first ever private sector cold storage and he never looked back as he went on expanding his company Gubba Cold Storage Limited's capacity from 500 tonnes then to 83,000 tonnes now. IT has cold storage facilities at five locations. The company has the rare distinction of bringing several new technologies in cold storage in the State. It set up from first commercial dehumidified cold storage in India in 1998. The company got a big boost when it set up Gubba Medchal Plant with a capacity of 6,000 tones, exclusively for commercial seeds. It has crossed another milestone when it established global standard cold storage for seeds in India in 2008 and introduced jumbo bags for the handling of seeds. Rao has received several awards for his achievements in cold storage space. Now, the company has won Best Performer of the Year - Service Sector in small enterprise category in The Hans India SME Awards 2013.

### ***Pravan Shipping***

***Best Performer of the Year 2013  
Service Sector (Medium)***



Established in the year 1997 by G Sambasiva Rao, Pravan Shipping Services Private Limited has expanded into several areas like cargo handling, transportation, warehousing and other logistic arrangements. Besides this has established a Container Freight Station which is the first privately held such facility in the State. Besides, it also acts as steamer agency and custom house agency. The company has won Best Performer of the Year - Service Sector in Medium Enterprise category in The Hans India SME Excellence Awards 2013.

### ***Radha Rani (RR Sports)***

***Women Entrepreneur of the year 2013 (Small)***



Women empowerment is the key for the development of the State and nation. In a bid to empower the rural women and achieve high goals, Vijayawada-based G Radha Rani started a hosiery shop with a budget of Rs 6000 almost 20 years ago in 1992. It has now grown into an industry which provides employment to more than 400 rural men and women. The company, which sells undergarments for sports and other sportswear, markets its products under the brand name of RR Sports. The Company has recently expanded its facilities which spread across 35 acres in Ramannapalem village near Vijayawada. Besides the products, she is also cultivating organic crops at the facility. Radha Rani has won Woman Entrepreneur of the Year award in The Hans India SME Excellence Awards 2013.

### ***D.Radha Krishna***

***(Rudra Graphics Private Limited)***

***Young Entrepreneurs of the year 2013 (Small)***



Dosaroju Radhakrishna, who is into printing and publishing business, has won Young Entrepreneur of the Year (Small Enterprise) award in The Hans India SME Excellence Awards 2013. Hailing from a small village, Narsimlapet, in Warangal district, Radhakrishna graduated in Fine Arts from JNTU. Subsequently, he worked with several global and Indian advertising companies where he gained valuable experience in graphic designing, offset printing and related aspects. As he was keen to chart out his path, he resigned from his job and plunged in the world of business by establishing Rudra Graphics Private Limited in partnership with his friend Valavala Kumara Swamy in 2004. Started with modest capital, the company has grown in a Rs 4-crore enterprise now, providing quality services to a larger number of clients including Dr Reddy's, Andhra Bank and Uninor. This Hyderabad based company is equipped with latest printing machinery from India and abroad.

#### ***SVS Hydraulics***

##### ***Best Innovation of the Year 2013 (Small)***



Established in the year 2000 by V Chakravarthy, SVS Hydraulics is known for making wide range of products like hydraulic power packs, cylinders, presses and material handling equipment. Besides the company has expertise in composite process machinery like pultrusion plants, pultrusion dies, GRP pipe extractors as well as calibration machines. It also supplies equipment for mobile hoardings. This company has dedicated R&D team which focuses on creating innovative products. The company has won

the Best Innovation of the Year award in small enterprise category in The Hans India SME Excellence Awards 2013.

#### ***Prathishta Industries***

##### ***Best Innovation of the Year 2013 (Medium)***



Founded by K V S S Sairam, a chemical engineer, in 1996, Prathista Industries Ltd which started its operation on a modest scale is now a Rs 86 crore (FY-12) entity, employing over 500 people. It manufactures several environment friendly products for agriculture (organic farming), veterinary, pharma and poultry segments. The company's products include food preservatives, cattle and poultry feed supplements, organic plant growth promoters, bio-fertilizers, bi-pesticides and bio-control agents. Prathista had established Asia's largest industrial fermentation plant at Choutuppal in Nalgonda district, where most of the products are made. It has recently set up Rs 17-crore nutrient-based bio-fertiliser plant at the same location. Currently, it exports to 14 countries including the US which is every exporter's dream market. It recently launched its products in Costa Rica. The company, which plans to enter into other global markets in future, has won Best Innovation of the Year award in Medium Enterprise category in The Hans India SME Excellence Awards 2013.



***The Aryapuram Cooperative Urban Bank Limited,  
Rajahmundry.  
Appreciation Award for supporting SMEs 2013***



Rajahmundry-based, Aryapuram Co-Operative Urban Bank Ltd is 94 year-old bank. The bank has unique distinction of having 1.40 lakh deposit account and Rs 308 crore of deposits and own funds to the tune of Rs 50 crore. Head by Rajahmundry RDO M Venugopal Reddy, the bank always gives priority to collect deposits from small and medium class people and also to provide loans to people from similar background. So far, the bank has given loans to the tune of Rs 240 crore to about 24,000 account holder which testifies the priority of the bank's intention to provide loans to weaker section of the society. Interestingly, close to 41% of the bank customers are women. The company has won Appreciation Award for Supporting SMEs in The Hans India SME Excellence Awards 2013.

***P. C. Subbanna ( Saraswathi Industries)  
Special award for Differently Able  
Entrepreneur - 2013***



An entrepreneur of rare breed, P C Subbanna has proved to the world that physical disability is no hindrance to start a business entity and transform into Rs 5-crore enterprise. Hailing from Bangarupeta village in Nellore district, Subbanna did not lose hope when both of his legs were paralyzed by polio attack. He had undergone 32 surgeries which enabled him to use crutches for his mobility. He worked for a meagre salary of Rs 250 a month after undergoing training in carpentry at Vocational Rehabilitation Centre for Handicapped in Hyderabad. After gaining experience, he started his own company called Saraswathi Industries in 1973 with a loan of Rs 15,000 from APSFC. The company which is into making of steel and wood furniture has grown into Rs 5 crore enterprise now, employing close to 63 skilled and non-skilled people. Saraswathi Industries is a registered contractor with SBH, Andhra Bank, SBI, etc. P C Subbanna is being honoured with Special Award for Differently abled Entrepreneur at The Hans India SME Excellence Awards 2013.



Sri APK Reddy, President, FSME-AP, delivering speech during a programme organized by The Hans India (Revitalizing SMEs) at Hotel Marriot on July 15, 2013.



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# Only 33% MSMEs have access to banks

Only 33 per cent of micro, small and medium enterprises (MSMEs) have access to banks and institutional financing channels, while the rest use informal ways to raise finance, a study said.

“Just about 33-34 per cent of firms operating in the MSME sector have an access to banks and institutional financing channels while the rest raise finance through informal financiers, friends, family and other such personal channels,” the study titled ‘Indian Banking Industry: Sustaining Growth with Equity,’ jointly conducted by The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Resurgent India said.

“There is a need to secure transparency of financial conditions amid MSMEs as it influences decisions on loan finance thereby banks hesitate to give loans to small scale units evidently as a fairly significant proportion of loans given to small enterprises in the past have compounded the problem of non-performing assets (NPAs),” said secretary general of ASSOCHAM D S Rawat while releasing the study.

**There is an urgent need to strengthen and streamline the credit guarantee system as in its absence the smaller units would continue to suffer neglect in accessing much needed credit for both inception and expansion**

“Lack of adequate finance due to shortage of organized lending from banks and other formal sources of finance together with absence of transparency regarding their financial condition is proving to be a stumbling block in growth of MSMEs in India more so in eastern and north-eastern pockets of the country which are grappling with significant dearth of basic infrastructure like roads and electricity” highlighted the study.

The current overall debt finance demand of MSME sector is in excess of Rs 32 lakh crore and of this over Rs 6 lakh crore of debt is financed through the formal sector. Besides, public sector



banks (PSBs) account for over 70 per cent of debt financing to the MSME sector, while private and foreign banks account for over 20 per cent of credit flow.

“There is an urgent need to strengthen and streamline the credit guarantee system as in its absence the smaller units would continue to suffer neglect in accessing much needed credit for both inception and expansion.

“There is also the need to spread awareness about formal financing opportunities within the MSME sector to grow their credit exposure, limit risks and seek better spreads by developing and implementing sector-specific policies,” he added.

Banks need to work with MSMEs linked to supply chains of their large corporate customers and leverage this relationship to manage and control credit exposures as most of the banks have succeeded in implementing supplier and dealer financing products and processes thereby increasing deeper penetration across a large number of corporate clients, highlighted the ASSOCHAM-Resurgent India study.

Another way could be to co-write credit with a trusted non-banking finance company (NBFC) partner, where first lien on collections remains with the bank and this way both partners leverage their respective strengths.

## DISTRICT ADMIN WANTS SMES TO MAKE USE OF SUBSIDY

In order to boost the MSME sector, the district administration wants the Micro, Small and Medium enterprises (MSMEs) in the district to avail the incentives announced by Chief Minister J Jayalalithaa.

The state government recently enhanced the quantum of capital subsidy rate for MSMEs from 15 per cent to 25 per cent with effect from May-7.

Chief Minister Jayalalithaa had mentioned about a special

package of incentives to boost development of MSMEs.

The enhanced rate of 25 per cent on the plant and machinery value would be subject to a maximum of Rs 30 lakh.

According to the District Industries Centre, incentive would be applicable to those units set up after May 7, 2013.

In order to avail the benefits, the new enterprises are required to submit documents to show the date of issue of acknowl-

edgement for the entrepreneur memorandum (part I) by the industries centre, date of placement of order for plant and machinery and date of term loan sanctioned by bank or financial institutions, according to a media report.

Enterprises willing to expand or diversify are also required to submit necessary documents to show date of placement of order for plant and machinery and date of term loan sanctioned.

## 'Banks are not only for corporates'

Banks are meant not only for corporates and rich people, but also for the common man, said Union finance minister P Chidambaram.

"Banks are meant to serve largely the poor and middle class. Individual customers need banks more than corporates," he said.

Chidambaram was inaugurating the 101 st branch of the State Bank of Mysore here on Saturday.

FM insisted that the banks focus more on ordinary people than on corporates and urged them to shift their focus towards the poor and middle class so that corporates are forced to go to the market to raise money.

"For a long time we have harboured the myth that banks are meant to provide money to rich people and to corporates. Nowhere in the world, other than India, do cor-

porates come to banks for working capital," he added.

Furthermore, Chidambaram also said that the proposed new private banks, awaiting license from the Reserve Bank of India (RBI) to commence business, should not become clones of existing banks but serve their customers differently.

"We don't want the new banks to look like each other with different mastheads. We want each of them to cater to the needs of a special group of customers who do not have an account in a bank. Each bank must strike out a different path to compete against each other," Chidambaram said.

He was also optimistic about the growth in the current fiscal in comparison to the last fiscal, despite the current economic slowdown.





# GOs ignored?

Several GOs by the government have failed due to the lack of implementation. There is a GO to procure cloth from APCO for govt schools, another making it mandatory to give orders to SMEs to supply furniture to model schools in the state but then no GO is implemented



**L Venkat Raju**

**APSWM Association, HYD**

**M**arketing forms a vital component for the success of any industry, more so MSMEs. Successful sale through marketing of products helps industries thrive. The big question is, is it happening in the State, if so what is the Government doing?

On its part, the Government issued GOs 1020, 437, 308 and 51, besides memo 1541, providing for purchase of the required items by various departments from local SMEs units. Sadly, the GOs are confined to the paper. No action is being taken to enforce them. As a result SMEs have become unin-



tended victims of Government negligence, particularly by APCO and Civil Supplies & Education departments. Whereas the GOs 1020 & 51 issued in March this year specifies that departments should purchase their cloth requirements from APCO, they have been ignored and about two crore handbags required for the supply of nine essential commodities to the poor under the 'Amma Hastam'/'Mana Biyyam' schemes are being procured from private traders in New Delhi and other states.

Irrked by this Government's indifference, several SMEs had approached the Andhra Pradesh High Court seeking a direction to various departments, including Education, to strictly implement GO 51 with regard to Chief Minister N. Kiran Kumar Reddy's pet 'Jalaprabha' scheme. Despite the court orders, the Government is not enforcing the GOs.

Blurb: The Education department (Rajiv Vidya Mission) is ignoring GO 24 on the purchase of cloth from APCO for school uniforms. The Vidya Committees are said to be showing more interest in buying cloth from private traders, for 'considerations'. This attitude is disappointing the APCO officials. Also APSRTC, TTD and several other Government departments are disinclined to buy APCO cloth. The large number of MSME units can meet the furniture demands of the 355 model schools being established in the State in 2013-14 and of first year Intermediate education (MEC, CEC, BPC and MPC sections). The SME furniture manufacturers have already represented to Rajesh Tiwari, Principal Secretary, Education, that furniture for the model schools could be purchased from them. Even Government junior colleges could opt for SME furniture. Even here the department is indifferent.

A point of interest is that neighbouring Tamil Nadu, Karnataka, Maharashtra, besides Gujarat and Madhya Pradesh, are encouraging local SME units by procuring their products. Why is the State is not bothered to follow their example? The only possible answer is 'vested interests' and 'considerations'.

If the State Government places order for handloom bags and furniture with the MSME sector, small units can take up work and become strong, both financially and work-wise. If it fails and no orders are forthcoming then there is a danger of the units becoming sick due to lack of work. Such a situation will add to the problems of the units, as they will be forced to pay higher interest and incur heavy expenditure to sustain themselves.

Entrepreneurs dealing in lighting, motor pumps, surgical cotton, PVC pipes, cables, Auto Mobile Leaf Springs also complain that the departments concerned are not implementing the GOs which benefit them, as they can work, provided there are orders, in spite of the power cuts.

The furniture manufacturers have appealed to the Chief Minister to intervene and ensure that various government departments are persuaded to take necessary action in enforcing the GOs for the benefit of the MSME sector.

Five neighbouring states are implementing a transparent procurement Act, benefiting the MSME sector. AP Small Scale Steel Furniture Association Secretary L Venkat Raju has appealed to Minister Prasad Kumar to intervene and bring in a legislation to make various State departments to only procure their products only from MSMEs. In the name of beneficiary choice the govt is giving orders to multinational companies.

#### COMPARATIVE STATEMENT OF INCENTIVES / ENCOURAGEMENT PROVIDED BY OTHER STATE GOVERNMENTS TO SSI/SMS/s/ OTHER INDUSTRIES

	A.P. Government	Karnataka	Madhya Pradesh	Gujarat	Maharashtra	Assam	Orissa	West Bengal	Kerala	Manipur	Mizoram
	1	2	3	4	5	6	7	8	9	10	11
Marketing Assistance	Available by GO's only no accountability mandatory	Available by Karnataka act 2000. 75% of qty. Produced by SSI 15% Price preference on lowest rate Through open tender system	Available by Madhya Pradesh Transparency in Public Procurements Rules 2003 (M.P.T.P.P. R.) Act 100% Preference will be given to local SSI products only	Available by a New Purchase Policy-1997 5% Price Preference available 50% qty. reserved for Local SSI's in some case up to 70% also applicable	Linkage between small, Medium, Large and all Government department procurement Thrust on Rural Marketing. Brand Promotion.	Available Assam Preferential Stores purchase Act, 1989 All Government Departments Corporations are mandatory purchased to all SSI products.	Mandatory to all Government Departments and corporations purchase from SSI Products. 15% Price preference on large scale unit quotation.	15% Price preference. Mandatory purchase from SSI units by State Government Departments/corporations	15% Price Preference. Mandatory purchase from SSI units by State Government Departments/ corporations	Price preference. Mandatory purchase from SSI units by State Government departments/ corporation	Through Mizoram preferential stores purchase act





# Protests hit power supply to industries in AP

An indefinite strike launched on Sunday by electricity employees of Rayalaseema and the coastal region of Andhra Pradesh has hit power supply in six districts of the state and forced railways to cancel train services.

The small scale industries in particular are facing transport problems with cancelation of goods trains.

Thousands of industries in six coastal Andhra districts plunged into darkness as electricity employees went on an indefinite strike to protest the Centre's decision to create a separate Telangana state.

Seemandhra electricity employees' Joint Action Committee (JAC) said over 30,000 electricity employees were participating in the strike in Seemandhra, as Rayalaseema and coastal Andhra regions are collectively known.

**Thousands of industries in six coastal Andhra districts plunged into darkness as electricity employees went on an indefinite strike to protest the Centre's decision to create a separate Telangana state. Seemandhra electricity employees' JAC said over 30,000 electricity employees were participating in the strike in Seemandhra, as Rayalaseema and coastal Andhra regions are collectively known.**

JAC chairman R Sai Baba announced that there would be no exemption to emergency services like hospital, water supply and agriculture.

He said the strike would continue till the Centre takes back its decision to bifurcate the state.

The strike may affect electricity generation and supply not just in the 13 districts of Seemandhra, but may also hit transmission in Hyderabad and other parts of Telangana region. The strike may also hit the southern grid as all four southern states -- Andhra Pradesh, Karnataka, Kerala and Tamil Nadu -- are inter-

linked.

MSMEs are demanding that the Government of India and Government of Andhra Pradesh intervene and conduct a meeting with all industrial associations in AP at the earliest to solve the problem.

# SMEs to choose their power suppliers

**S**mall and medium enterprises (SMEs) may soon get to choose their power suppliers, irrespective of where their manufacturing or service dispensing units are located. The Union power ministry is planning to move amendments to the Electricity Act 2003 to separate power supply and wire businesses following models prevalent in countries like the United Kingdom, US and Australia.

The proposed model will allow multiple companies to supply electricity through the same wire network without restriction. The network will be owned and managed by another company, probably a state-owned utility which will not be allowed to compete for power supply. This arrangement should facilitate implementation of the Open Access policy which allows consumers with more than 1 mw load to take their power supply from sources other than the local power distribution company (Discom).

While SMEs with more than 1 MW load can directly use open access route, those with less than 1 mw load can avail the policy by pooling their individual electricity requirements through an association.

In India, power distribution is currently undertaken by the same utility which also owns and manages local wire network. This arrangement creates conflict of



interest in enforcing the Open Access policy which allows consumers with more than 1 mw load to take their power supply from sources other the local power distribution company (Discom).

The ministry is preparing a draft paper for consultations with states over the proposed model. "The draft document proposing separation of wire and power supply will be ready in a month's time. After that, it will be circulated to states for consultations," a senior power ministry official said. He hoped that the amendment Bill should be ready for

tabling in Parliament in the Budget session.

The ministry has decided to adopt this radical change in power distribution model to ensure implementation of open access, which is meant to encourage competition in power retailing. A decade after the Electricity Act came into effect in 2003; open access policy still remains a non-starter despite best efforts by the Centre. Since majority of discoms in the country are owned by state governments, electricity commissions have been dragging their feet on enforcing open provisions.



# Orientation on Design Clinic for MSMEs

Promoting more job oriented courses in the state, Industries Association of Uttarakhand (IAU) and National Institute of Design (NID) is holding an orientation workshop on designing for upcoming entrepreneurs.

Design Clinic is a tested strategic model of design intervention, where a solution to an existing design problem is diagnosed and remedial steps suggested by a multi-disciplinary team of design experts. In this scheme, the value additions to an idea or a concept are imparted through interaction at a lesser cost to a specific industry/sector.

“Designs have a very unique and important role in all areas of activities in business,” said the organizers.

Whether it is pre-production, production, post production, engineering, manufacturing or communities, design plays an important role in them, they added.

“Design will improve the appearance and usability of a product. Often it can improve the product’s marketability and even production,” said design student from Srishti, Tara Williams.

For entrepreneurs, design is an important way to help strengthen the presentation of ideas. It can make



a difference in how customers view you. It's essential in getting marketing results, and ultimately achieving profitability, she said.

The main objective of the Design Clinic is to bring the MSME sector and design expertise onto a common platform, to provide expert advice and solutions on real time design problems, resulting in continuous improvement and value addition for existing products. It also aims at value added cost effective solutions.

These Design Clinics in clusters of the country are to usher in a continuous competitive advantage to the MSMEs.



# Need for eco-friendly industrial parks

**I**ndustrial parks should make use of clean, green and energy efficient technologies

Amidst ambitious plans for large scale industrial development in the country with the trend of setting up industrial parks and investment zones, there is a need for eco-friendly measures to be integrated in the planning stage itself, making best use of clean, green and energy efficient technologies.

This will be deliberated upon during the two day international conference, 'Planning of New Industrial Parks and Investment Zones,' organised by GIZ in cooperation with the Ministry of MSME, Ministry of Environment and Forests and other industry bodies.

Speaking at the inauguration, Director GIZ, Dieter Mutz said there was a definite shift taking place from agriculture to industry and we needed new efforts, new thinking and common goals to make the change productive.

"The manufacturing processes of industries are characterised by high consumption of resources, electricity, fuel, water and a variety of chemicals...that generates a significant amount of waste and emissions... By employing appropriate technologies, both environmental and economic gains can be achieved," he said.

Pointing to the current trend in the country, "Our industrial approach is reactive in nature with end of pipe pollution control measures. What we need is a major corporate, cultural shift. One industry's waste should become the resource of another industry," said Advisor to the Ministry of Environment and Forests, G V Sub-

rahmanyam.

The Ministry, according to him has made efforts towards districtwise mapping of sites for industrial purposes, environmental audit to conserve resources and promote eco-efficiency and promotion of cleaner technology to minimise waste, especially among MSMEs.

The conference brought together experts and technical teams from GIZ International, working in China, Germany, Tunisia, Bangladesh and Indonesia.

"It is a brilliant example of cross cultural and north-south cooperation," said Country Director GIZ, Stefan Helming, calling for a right balance between planning of new industrial parks and retrofitting of old existing industrial parks.

Speaking on the occasion, Secretary, MSME Ministry, Madhav Lal said that during an inter-ministerial meeting they noticed a trend that MSMEs have actually started to decline with majority of new entrants going into the unregistered and informal sector.

We need smaller industrial estates to cater to SMEs where urban concepts can be applied, he said.

"Although there is a lot of industrial activity taking place especially in North India, all the urban and eco-friendly concepts are not being integrated. We need to bring local urban bodies to incentivise those bringing modern concepts so that they are incorporated into the master zonal plan," he said, urging participants of the conference to consider challenges posed in industrial development to achieve the best rather than just the good.





# Australian aid for Indian steel SMEs

Australian AID to help energy efficient production in Indian steel SMEs

In a joint venture to upscale energy efficient interventions in the steel re-rolling mills (SRRM) sector in India, AusAID, in partnership with the Government of India has proposed a project towards energy efficient production.

The programme is a part of the ongoing pilot United Nations Development Programme-Global Environment Facility (UNDP-GEF) project with an investment of USD 3.6 million.



The objectives of the programme comprise implementing energy efficient technologies in 300 units from SRRM sector and five units in other subsectors of

small scale steel industry such as induction furnace units.

It has also proposed the development of knowledge products to propagate widespread replication of the technologies in the target sector; and accelerating awareness in the sector about energy efficiency intervention that leads to huge savings in greenhouse gas (GHG) emissions while improving productivity.

AusAID is an Australian Government's overseas aid program to improve the lives of millions of people in developing countries.

# Handicraft exporters focus on R&D

Working towards making the Indian handicraft products globally competitive, the Textiles Ministry has asked the handicraft exporters to focus more on R&D and develop new products. Textile Minister K S Rao said that more emphasis should be given on the research and development of designs and product innovation.

Considerable work has to be done by the exporting community to re-orient designs, colours and patterns of the product produced in India to suit the international requirement, he said while inaugurating the India Handicrafts and Gifts Fair (IHGF) in Greater Noida.

All that is required is to re-invest, re-design and re-adopt the same to suit the international buying community and develop products suitable to the particular buying region or country, he added.



More than 2600 exhibitors are currently participating in IHGF organised by the Export Promotion Council for Handicrafts (EPCH).

Rao also pointed out that artisans who are the backbone of this industry are not getting proper attention. "They do not get their due for their livelihood. The Ministry of Textiles is taking all steps for the

welfare of artisans and their families," he said.

"Indian Handicraft sector has full potential and my Ministry will extend all assistance for the promotion of this sector in all possible ways to see that Indian handicrafts products should be seen in each and every country of the world," he added.

# Odisha industries cry for help

## Cyclone badly hits Puri, Cuttack, Gopalpur

Washing away of basic infrastructure by the severe cyclone has led to a complete collapse of businesses in some of the districts hit by the calamity. These include Gopalpur, Puri and Cuttack where the small businesses were gearing up for the festive sales.

The most immediate crisis being faced by the small industries here is power, connectivity, infrastructure and employment.

“There are no activities taking place in the industries especially the small units here. The power is still not restored and the infrastructure is completely damaged,” said Chairman of Odisha Industries Federation, S K Sahu. “All of them depend on the tourist season to earn money, they are facing complete loss,” Sahu added. The timely warning given by the MET department and effective measures taken by the administration in Odisha has saved the lives of lakhs of people here, but the livelihoods of lakhs of people are

lost. Hence, industry associations are planning to meet the Chief Secretary and Development Commissioner of MSME to discuss issues and appeal for help to the small units.

The associations are demanding immediate restoration of power so that production begins and further loss is avoided.

The associations want the banks not to count this month for interests and loan instalments.

“Government should give financial help to small entrepreneurs to rebuild infrastructure as generally cyclone is not covered under insurance,” Sahu added.

Tourism being the worst hit sector in the state is facing huge loss.

“The hotels on the coastal sides are completely submerged in the flood. The water has filled the second-third floor of the rooms and the sand is filled upto 7 feet height,” Sahu added.





# *Tourists to get 360 degree view to Indian cities through WoNoBo*

In order to enable users to explore point of interests in 12 major Indian cities, the Ministry of Tourism has partnered with a geospatial technology company - Genesys International to bring Google Street view like 360 degree walkthrough to those cities through a website called WoNoBo.com.

WoNoBo.com will also offer Walking Tours of popular monuments and tourist destinations.

“The Ministry of Tourism has partnered with Genesys International to create a ‘Walking Tours’ platform, one of the first such initiatives to be undertaken in any country,” the Tourism Ministry said.

‘Walking Tours’ is a unique and exciting product that will enable users to navigate and route their way through cities based on a number of interesting themes.

The service was launched at a function here yesterday in which representatives of the Ministry of Tourism and Genesys International were present.

The website WoNoBo.com launched as part of this initiative is projected to be India’s first location-based service to offer ‘walkthroughs’ of streets across 54 Indian cities.

The website supports user generated content (UGC), offers unique social media capabilities and facilitates creation of ‘local communities’ online.

This new initiative aims to em-



power the tourist by facilitating him/her to plan to plan his/her tour, a Ministry spokesperson said.

The Ministry of Tourism has set the target of having one ‘Walking Tour’ of each State within 2 years. He added that the Indian Tourism Ministry was the first in the world to launch such a service.

Genesys International highlighted the features of the new service that would be available initially across the roads of 5 major Indian cities and will soon be expanded to the top 54 cities within a few weeks.

They stated that it would

have mapped panoramic imagery of thousands of square kilometres and close to 10 million places of interest across the country. The five cities whose tours were launched today were Hyderabad, Delhi, Mumbai, Coastal Goa and Ahmedabad.

As part of the website, users get full blown 360-degree views of destinations and much more. They can access, tag and review ‘points of interests’ like locations, hotels, retail outlets, monuments, parks, etc and also view the interiors of several key locations, all powered by a database of millions of places.

## New mega food park in UP

The Mega Food Park, soon to be set up in Jagdishpur in UP will be a modern food processing facility to help small and medium sized entrepreneurs, self-help groups and farmer-groups to set up food processing industries.

The food park will have nearly 35 industrial units and will give direct and indirect employment to about 30,000 per-

sons. When operational, it will spur overall industrial growth and help farmers get better prices. The foundation stone for the first mega food park in Amethi district of UP was laid today by Minister of State for Agriculture and Food Processing, Charan Das Mahant.

Re-affirming all support from his Ministry, the Minister expressed hope that setting up

of this modern food processing facility will usher in a new era of food processing in the entire region.

Significantly, the Park with modern infrastructure and facilities for food processing will help small and medium sized entrepreneurs, self-help groups and farmer-groups to set up food processing industries.

“This will create a market for raw material and in turn provide better prices to farmers for their produce,” he said.

## SMEs can list on stock exchange without IPO: SEBI

Market regulator Securities and Exchange Board of India (SEBI) has allowed start-ups and SMEs to get listed on bourses without making an IPO, while new rules have been put in place for angel investors.

To ensure that investments are genuine, angel investors would be allowed to invest in only firms incorporated in India and that are not more than three years old.

SEBI board during a meeting in Mumbai approved the amendments of rules to permit listing of start-ups and SMEs in institutional trading platform (ITP) without having to make an IPO.

The proposal, said SEBI, has been approved with a “view to provide easier exit options for informed investors like Angel Investors, VCFs and PE to provide better visibility, wider investor base and greater fund raising capabilities to such companies”.

According to SEBI, the minimum amount for



trading or investment on the ITP will be Rs 10 lakh. Such companies would also be exempted from the requirements of having to offer up to 25 per cent of its shareholding to public through an offer document in order to get listed.





SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

**Head Office:** SIDBI Tower, 15, Ashok Marg, Lucknow - 226001

SIDBI is the apex financial institution for the Micro, Small and Medium Enterprises [MSME] in the country. It meets the credit needs of the MSME segment in various ways. A brief profile of the Bank is given below:

- Only financial institution dedicated exclusively for the MSME sector.
- Presence in all major commercial centers and MSE clusters.
- Provides all banking services to MSME units.
- State-of-the-art technology platform to provide efficient services to customers.
- Automated processes for quick decisions.
- Nodal agency for several GOI schemes.
- Flexible and innovative credit products.
- Specialized products for clusters and new technology businesses.
- Equity support to growth oriented SME units.
- Flexible products for large corporate having SME vendors and Suppliers.
- Collateral free assistance upon Rs.50 Lakh under CGTMSE Scheme.
- Attractive interest rates.
- Incentive for MSME units rated by SMERA.
- SIDBI is leveraging technology to provide customer services through website like information about products & services, contact information, downloadable application forms, status of loan applications online information about accounts of customers, etc. Submission of online application is also available.

**DIRECT  
CREDIT SCHEME**

**MSME  
RECEIVABLE  
FINANCE SCHEME**

**MICRO FINANCE**

**Government Schemes**

### Associates



Credit Guarantee Fund Trust for Micro and Small Enterprises

[www.cgtsi.org.in](http://www.cgtsi.org.in)



[www.sidbiventure.co.in](http://www.sidbiventure.co.in)



India SME Technology Services Ltd.  
[www.techsmall.com](http://www.techsmall.com)



SME Rating Agency of India Ltd.  
[www.smera.in](http://www.smera.in)

**tradeindia.com**  
**India's largest B2B marketplace**

## Tradeindia.com Launches Website for Appointing Sales Agents

**B**2B marketplace, Tradeindia.com has announced the launch of its new website Getdistributors.com to help medium and large sized businesses boost their channels of sales and distribution.

As per a release by Tradeindia.com, the website is an ideal search based online platform for companies and individuals who are looking forward to expand their business by appointing or becoming distributors, franchisees or a sales

agents in India and abroad. A company or an individual can register itself as a distributor, franchisee or sales agent only by filling an online form free of cost.

The major industry verticals that this new and unique portal primarily caters to are agriculture, apparel & fashion, automobile, chemicals, consumer electronics to hospital and medical supplies, pipes, tubes & fittings, scientific and laboratory instruments, etc., the release added.

## Foreign touch to Indian SMEs

**R**ajiv Bakshi, CEO of Ahmedabad-based Possible Business Solutions focusing on advising SMEs towards business growth has recently been conferred upon the membership of US-based Association of Accredited Small Business Consultants (AASBC).

As per a release by Possible Business Solutions the coveted membership has made Bakshi the first Indian to be a part of AASBC.

A global community of skilled professionals, AASBC helps

small business clients increase value and profitability, the release said.

“What impressed us most was his knowledge about latest management techniques and its application to small businesses. He keeps himself abreast with what is happening around globally and utilizes the same locally. The board at AASBC was too pleased to favour him with a complimentary membership,” said Richard L. Weinberger Chief Executive Officer, AASBC.

“I am elated to receive this

complimentary membership and feel its beginning of recognition of what I have been doing for SMEs. My biggest award is the smile on the face of the business owners when they find themselves in total control of their business,” said Bakshi.

Working with SMEs, Rajiv has found that every SME basically faces seven issues including thin profits, poor systems, high employee turnover, low sales, irregular cash flow, large outstanding and no growth, the release stated.





कामधे दुःखतत्पानम् ।  
प्राणिनाम् आर्तिनाशनम् ॥



# PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME



**ప్రధానమంత్రి ఉపాధి కల్పనా పథకం ద్వారా  
మీ కలలను సాకారం చేసుకొండి**

**ఖాదీ మరియు గ్రామీణ పరిశ్రమల కమీషన్**

(సూక్ష్మ, చిన్న మరియు మధ్యతరహా పరిశ్రమల మంత్రిత్వ శాఖ, భారత ప్రభుత్వం)

గాంధీభవన్, పోస్ట్ బాక్స్ నెం - 362, యమ్.జె. రోడ్డు,

నాంపల్లి, హైదరాబాద్ - 500 001 ఫోన్ : 040-2460 2717, 2460 8463

web : [www.kvic.org.in](http://www.kvic.org.in) , [www.pmegp.in](http://www.pmegp.in), e-mail : [kvichyd@yahoo.com](mailto:kvichyd@yahoo.com), [skv\\_hyd@dataone.in](mailto:skv_hyd@dataone.in)





## 12. మార్జిన్ మనీ ( మిడిల్ ఎండెడ్ సబ్సిడి )

పి.యం.ఇ.జి.పి లో వివిధ లబ్ధిదారులు	లబ్ధిదారుని పెట్టుబడి (ప్రాజెక్టు వ్యయంలో)	సబ్సిడీ శాతం (ప్రాజెక్టు వ్యయంలో)	
ప్రాంతము (ప్రాజెక్టు / యూనిట్)		పట్టణ	గ్రామీణ
సాధారణవిభాగం	10%	15%	25%
మహిళలు / ఎస్.సి. / ఎస్.టి. / వెనుకబడిన తరగతులు / మైనారిటీ వర్గాలు/ వికలాంగులు మరియు మాజీ సైనికులకు చెందిన లబ్ధిదారులు.	5%	25%	35%

గమనిక : 1. ఉత్పత్తి పరిశ్రమ ప్రాజెక్టులకు గరిష్ట పరిమితి వ్యక్తులకు / సంస్థలకు రూ॥ 25 లక్షలు  
2. ఉత్పత్తి పరిశ్రమ అనగా సర్వీస్ ప్రాజెక్టులకు గరిష్ట పరిమితి వ్యక్తులకు / సంస్థలకు రూ॥ 10 లక్షలు.  
3. మిగతా మొత్తాన్ని బ్యాంకులు రుణంగా మంజూరు చేసి, రుణం మొత్తం సొమ్మును లబ్ధిదారునికి అందచేస్తారు.

## నెగెటివ్ పరిశ్రమల జాబితా :

నెగెటివ్ పరిశ్రమల (పి.యం.ఇ.జి.పి. ద్వారా మార్జిన్ మనీ సౌకర్యం పొందడానికి అర్హత లేని) జాబితా :

ఎ) మాంసం (ప్రాసెసింగ్, క్యానింగ్ మరియు లేదా సరఫరా) మరియు మత్తు కలిగించు పదార్థములు బీడి, పాన్, సిగరెట్ ఉత్పత్తి / తయారీ / పంపిణీ, మద్యం సరఫరా చేసే హోటల్ లేదా దాబా, సారాయి అమ్మకం, పొగాకు ఉత్పత్తి లేదా ముడిసరుకుగా ఉత్పత్తి చేయు యూనిట్లు

బి) పంటలు/చెట్ల పెంపకం, పశుపోషణ, చేపలు, రొయ్యల పరిశ్రమలు, పందుల పెంపకం, కోళ్ళ ఫారాలు మొదలైనవి. ఖాదీ, పాలీ వస్త్రాల, హార్వెస్టర్ మిషిన్, పరిశ్రమలతో సహా.

సి) 20 మైక్రాన్ల కన్న తక్కువ మందం ఉన్న పాలిథిన్ కవర్ల తయారీ టీస్టెర్ట్ ప్లాస్టిక్ కంటైనర్లు మరియు పర్యావరణానికి హాని కలిగించే కాలుష్యాలను విడుదల చేసే అన్ని రకాల పరిశ్రమలు :

డి) ఖాదీ, పాలీ వస్త్రాల, పాస్టీనా వూల్, మరియు ఇతర పరిశ్రమలు ఏనైతే ఖాదీ కమిషన్ ద్వారా రిటేటు పొందుతున్న యూనిట్లు

ఇ) రూరల్ ట్రాన్స్‌పోర్టేషన్ ( అండమాన్ నికోబార్ దీవులలో ఆటోరిక్ష జమ్ము కాశ్మీర్‌లో టూరిస్టు బోటు, హౌస్ బోటు మరియు శికారాలను మినహాయించి)

నెగెటివ్ పరిశ్రమల జాబితాలో లేని ఎటువంటి ప్రాజెక్టులైనా స్థాపించవచ్చును. ఈ ప్రాజెక్టులు పైన పేర్కొన్న నియమ నిబంధనలను పాటించవలసి ఉంటుంది.

ఇతర వివరాల కొరకు - సంప్రదించండి.

### రాష్ట్ర కార్యాలయం

### ఖాదీ మరియు గ్రామీణపరిశ్రమల కమిషన్

వెస్ట్ బాక్స్ నెం. 362,  
గాంధీ భవన్, యం.జె. రోడ్, నాంపల్లి,  
హైదరాబాద్ - 500001.  
ఫోన్ : 040-2460 8463. ఫ్యాక్స్ : 040-2460 2717  
Web: www. kvic.org.in, www.pmegp.in  
e-mail : kvichyd@yahoo.com, skv\_hyd@dataone.in

### పరిశ్రమల కమిషనర్

ఆంధ్రప్రదేశ్ ప్రభుత్వం చిరాగ్ అలీ లేన్, ఆబడ్స్, హైదరాబాద్.  
ఫోన్ : 040-2344 1666 ఫ్యాక్స్ : 040-2344 1611.  
అన్ని జిల్లా కేంద్రాలలోని జిల్లా పరిశ్రమల కేంద్రం కార్యాలయాలు.

### ఆంధ్రప్రదేశ్ ఖాదీ మరియు గ్రామీణ పరిశ్రమల మండలి.

హుమాయూన్ నగర్, హైదరాబాద్.

ఫ్యాక్స్ : 040-2339 9645 ఫోన్ : 040-2339 7353  
ఇ-మెయిల్ : apkvib@ap.nic.in, apkvib@yahoo.com

అన్ని జిల్లా కేంద్రాలలోని ఎ.పి. కె.వి.ఐ. బోర్డు కార్యాలయాలు

ప్రాంతీయ కార్యాలయం

### ఖాదీ మరియు గ్రామీణపరిశ్రమల కమిషన్,

శ్రీ హరి ప్లాజా, మహారాజ్ పేట, విశాఖపట్నం,  
టెలిఫోన్ : 0891 - 2561156, 2565904  
ఇ - మెయిల్ : kvic@md4.vsnl.net.in

అన్ని జాతీయ బ్యాంకులు







# NPA's

## whom should we blame?

The MSE target in terms of share of credit to Micro stands at an impressive 60 per cent as per projections by the Prime Minister's Task Force. However, the ground realities are far from the recommendations considering that as of March 30, 2013 it stands at an abysmal 35.23 per cent. Even more tragic is that of the 1,948 sick units that were reported to be potentially viable, only four units are being considered for rehabilitation. Who is to be blamed for this sorry status? The government of the day, the ministry of industries or will it be the hapless entrepreneur, who will shoulder the burden after being made the scapegoat?

The fact of the matter is that the government gives with one hand and takes away more than that with the other. The double standards are glaringly on show and depressingly lamentable. On the one hand, one wants industries to grow so as to thrust to the economy. Banks, as a contributory obligation, magnanimously dish out loans, quite sparingly at that. Unfortunately, the system is such that during crisis times rather than bail out the industry-customer, the banks very ruthlessly serve notices cautioning against seizure of assets for continued non-payment.

The State Government vowed uninterrupted power but industries received just three days of supply in a week for over 18 months. Orders piled up but entrepreneurs could not deliver and for obvious reasons. The supply was always short of the demand because of non-productivity in the absence of the required power supply.

“Instead of coming to our aid, the government imposed FSA. The hike was 24 to 40 per cent for small and medium enterprises. Over all, the proposed industrial tariff was 60 per cent higher than the cost of service against the 20 per cent that has been recommended by the National Tariff Policy,” rues Ramesh, an entrepreneur from Cherlapally.

There is a rehabilitation package scheme but it is not implemented in letter and spirit. The Reserve Bank of India (RBI) meets every quarter but the decisions taken in the meetings are never implemented and remain more of lip service.

The Union Government has mandated that banks improve the percentage of micro advances to MSEs to 60 % as envisaged by the

PMs Task force. Andhra Pradesh cuts a sorry figure on that count. As of June 25, 2013, the percentage, which was 36.35 in the previous fiscal, nosedived to 35.23. What is more appalling is the lack of a willingness to enforce the grandiose schemes.

### Situation alarming

The total number of sick units in Andhra Pradesh for the quarter ending March 2012, stood at 54,799 with an outstanding credit of Rs 927.71 crores as against 7,352 sick units with outstanding amount of Rs 787.77 crores as of December 31, 2012.

Banks included service sector units as part of the rehabilitation of sick Micro and Small enterprises. However, it is only in numerical terms as there is an increase in the number of units in the package but nothing beyond that. There are 45,553 units for which viability is yet to be decided, although the same has to be gone about within three months from the date the unit report sick.

**The banks are advised to improve the disbursement ratio, which stood at 65.21 per cent for the year ended March 31, 2013 against the target ratio of 96.55 per cent. Of the 3,126 projects targeted, only 3,018 projects were sanctioned and 1,968 disbursed.**

### Scheme only on paper

The Small Scale Sick Industries Revival and Rehabilitation Fund (APSSSIRS) mandates that the government should earmark budgetary allocations for rehabilitating sick SSIs. The entire fund shall be drawn before the end of the third quarter and kept at the disposal of

Commissioner of Industries. Necessary funds to operate the scheme on behalf of the agencies shall also be provided in the budget allocation of Industries and Commerce Department. Sadly, not even a single unit has been rehabilitated till date. Although Rs seven crore fund is available with APSFC, it is yet to bail out a single unit. SLIC meetings a mere formality.

The meetings that the Reserve Bank of India conducts every quarter have turned into a mere formality. They spell out recommendations but no concrete steps are taken to get them implemented. In the process, the Commissioner of Industries has turned into just an advisory body, bereft of any administrative power.

Unless a proper plan is put in place and powers be bestowed upon the Commissioner of Industries, the situation would remain as pitiable as it exists now. The neighbouring states have a Transparency Procurement Act in place. But, the Andhra Pradesh Government is still to consider such an Act, which could actually help in saving the small, medium and micro enterprises that constitute the backbone of the economy. More than advising the banks to extend loans, concerted efforts ought to be taken to put the decisions taken at SLIIC meetings into action. For that to happen, a revamp of Office of the Commissioner of Industries is the order of the day.

### Rehabilitation-What is that?

We present case studies of some units that have tremendous potential but are now struggling to survive in the absence of State support and the unrest over Telangana.



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## Points to Ponder

### SLIIC – Has no teeth

The State Level Inter Institutional Committee meets every quarter at the Commissioner of Industries office. Right from the Regional Director, RBI, Principal Secretary, Industries, Commissioner of Industries, APIIC, SLBC convenor, bank managers and representatives of SIDBI, KVIC industrial associations and federations take part in the meetings.

Several decisions are taken in the meetings and in-depth discussions take place on the ailing industrial units but in the last 10 years not a single industrial unit has been rehabilitated.

It has become merely an advisory body, if the decisions taken at the meetings are not implemented there is no action and no one is accountable.

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### Preventive NPA Proposal and sanction

At the time of sanction, the term loan and working capital are separated but the moment a unit is declared an NPA, banks just transfer the funds. The entrepreneur has every right to be informed.

The bank manager should have the right to transfer the funds from term loan and working capital towards interest.

There is a dire need to incorporate a corpus fund and the banks should make it mandatory right at the proposal stage itself before sanctioning loans. A corpus fund will also boost the confidence of the entrepreneur.

### Distinguish between ‘wilful’ and non-wilful’ defaulter

There is a need to distinguish between ‘wilful’ and ‘non-wilful’ defaulter. To paint everyone with the same brush tantamount to injustice. There are several industrial units that have been declared NPA but whose credentials are good. Due to reasons which were not under their control they have turned into NPAs. Many industrial units who had orders in hand could not deliver due to power crises and fell into the NPA trap.

Previously banks would declare an industrial unit after closely monitoring for a year; it was then reduced to 180 days to 90 days. Today just after 30 days, banks start monitoring. The Nayak and Chakravarty committee recommendations have no meaning today.

The Sarfaesi Act should be used sparingly and banks should first analyze under what circumstances the industrial unit defaulted. Many a time the entrepreneur has payments pending even from the central and state governments. The banks should look into the credibility, order book and payments to be received before implementing Sarfaesi.

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## Exit policy

There is a need for an exit policy for the MSME sector. Once a unit becomes an NPA, it is doomed. There is a need for introducing a proper exit policy. With no window to exit, the land mafia is buying the assets in auctions at throw away prices.

## Points to Ponder

### Term loans and working capital

The moment a unit is declared NPA, banks are forcing the entrepreneur to pay up interest and the money is taken from the working capital. This is in spite of the collaterals. At the tie of sanction the bank provides a provision for seperate sections for term loan, working capital, bank guarentee and letter of credit. But after a unit is declared as an NPA, bankers just remove the funds from the above as part of interest.

### Delay Payment Act

Many of the units in MSME sector supply a variety of manufacturing goods to the central and state government. In many cases, the payments take months and at times years. Banks need to consider this aspect before declaring a unit NPA.

### Need for a sub-plan for MSME

The ailing MSME sector needs a sub plan on the lines of SC, ST in AP. The sector has potential, what it lacks is a strategic road map to take it to greater heights.

### Infrastructure

Land should be allotted at low rates if the industry is to grow.

### Preventive NPA

There is a need to make the preventive NPA to come into force. The District Industries Promotion Committee (DIPC) headed by the Collector who is the chairman along with District Level Banking Committee (DLBC) need to become proactive.

### Marketing the bane of the SME sector

The SME sector relies to a great extent on major industries and supplies products. For instance, the foundries rely heavily on the automobile sector. The Transparency Procurement Act which has been implemented in other states is non-existent in AP. There is an urgent need to make it mandatory in AP. Instead of giving orders to the SMEs, multinational companies are given priority. The government issued GOs for major industries to give orders to MSME sector, but it is not manadatory. When officials are questioned they blame it on 'beneficiary choice.'

### Industrial Policy

Every five years an industrial policy is announced but there is no clarity in several issues such as: cash, tax incentives, land, power. Neither is there a budget nor targets for the MSME sector. From 2003 to 2013 not a single industrial unit was rehabilitated, although Rs 7 crore budget was allotted.





# Five decades of NI-MSME



# Programmes of NI-MSME

- National Institute for Micro, Small and Medium Enterprises (ni-msme) formerly known as National Institute of Small Industry Extension Training (nisiet), is an organization of the Ministry of Micro, Small and Medium Enterprises, Government of India. With a knowledge giving approach, it is facilitating value addition to micro, small and medium enterprises (MSME) through training, research, consultancy, extension and information services. Its role encompasses every aspect of organization building from the formulation, implementation of policies and strategies to providing consultancy in key areas of MSMEs, integrating the development of all sectors economy. Ni-msme promotes entrepreneurship and addresses the problems of enterprises, and also provides information for their use.
- Ni-msme's activities have extended beyond the Indian shores touching almost all the developing economies around the world. The first organization to bring together participants from abroad for training in various facets of enterprise development. Ni-msme has trained so far more than 8,000 professionals from 138 countries since 1967. The Institute's programmes are modified from time to time taking into account the progress and potential of the developing world, which is keen to achieve faster rates of economic growth.
- The academic activities of the Institute are organized by its excellent faculty, each one focusing on a particular component of MSME promotion and development. During 2013-14, ni-msme will offer the following 19 executive development programmes structured for various professionals in the developing countries, sponsored by the Ministry of External Affairs, Government of India. Under Indian Technical and Economic Cooperation (ITEC) / Special Commonwealth Assistance for Africa Programme (SCAAP) / Afro-Asian Rural Development Organisation (AARDO) / Technical Cooperation Scheme of Colombo Plan (TCS Co Plan).





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**Shujayat Khan, Director, CITD**

# Industrial technology @ CITD



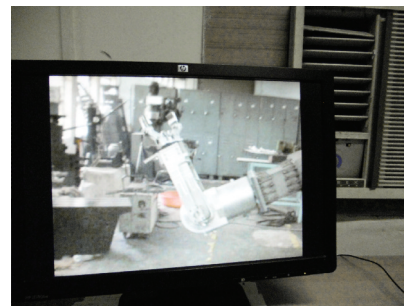


### Highlights

- The CITD has a library with more than 7,500 technical books. The centre has published 250 books in conjunction with ILO and CITD faculty.
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- Conducts viability study in new mini tool rooms under PPP mode in various parts of the country.
- Recommends measures to standardize tools and tooling elements, components and jigs and fixtures, dies and moulds.

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- CITD designed and manufactured 250 High Precision like Rooting and Forming Tools for HA Kanpur
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- People from Nigeria, Sudan, Palestine, Bhutan, Mauritius, Solomon Islands, Belarus, Liberia and many other countries were trained in the centre.



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- Machine shop practice and Welding technology
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