

Industrial View

First and only platform for MSMEs

VOLUME 05

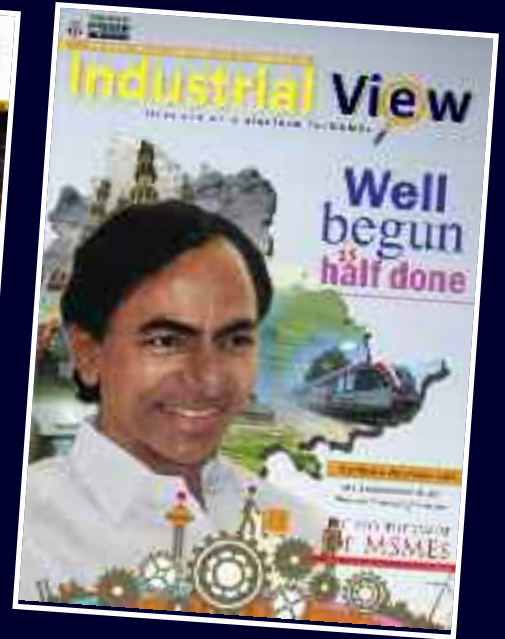
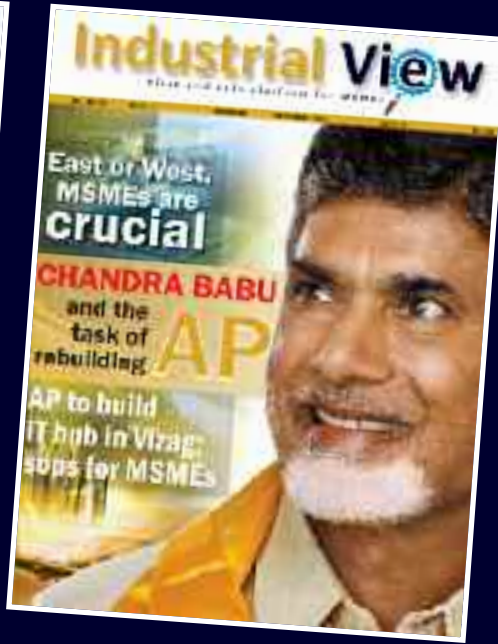
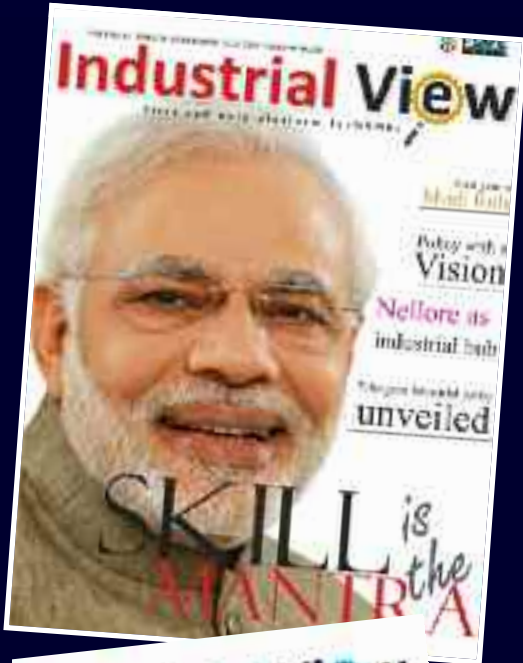
ISSUE 04

HYDERABAD

APRIL 2017

PAGES 64

Rs. 100



Why industrial View?



Nourishing your Business Dreams

SyndMSE

Now Loans for Micro & Small Enterprises



Made Quick, Easy & Attractive

Collateral
Free Credit
upto

₹100 lacs

- Low interest rate
- Low service charges
- On line facilities available
- Quick Sanction

For details, contact our nearest Branch
or Regional MSME Care Centre or
visit our website www.syndicatebank.in



सिंडिकेटबैंक
SyndicateBank

भारत सरकार का अंगण A Govt. of India Undertaking

Tailor made New schemes:

Synd Doctors - Doctors

Synd Cashew - Cashew Industries

Synd Transport - Transport operators

Synd Marble - Marble & Granite industry

Synd Textile - Textile & Ready made
garments

Contents

‘We’ll
support
industrial growth’



14

State lacks good
SSI policy:
Muralidhar Rao

BJP leader sees a ray of hope for SMSEs



18

30



FUNDS
to
IMPLEMENT
industrial policy is priority

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

PRINTED & PUBLISHED BY ARANI PRASANTH KUMAR REDDY ON BEHALF OF FEDERATION OF SMALL AND MEDIUM ENTERPRISES OF ANDHRAPRADESH, PRINTED AT HARSHITHA PRINTERS, 6-2-985, YOUSUF BUILDING, KHAIRATABAD, HYDERABAD - 04. PUBLISHED AT FEDERATION OF SMALL AND MEDIUM ENTERPRISES OF ANDHRA PRADESH, FLOT.No. G1, DWARAKAMAI APART, HINDI NAGAR, DWARAKAPURI COLONY, PANJAGUTTA, HYDERABAD, A.P.
EDITOR : ARANI PRASANTH KUMAR REDDY



Industrial View

First and only platform for MSMEs

To Subscribe: contact 9963777915, 9642088889





Launching of the first issue of Industrial View in 2013 by N Kiran Kumar Reddy, CM, AP at the launch of the magazine at CM's chamber (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, Sudheer Reddy, Secretary, ILA, Cherlapally and M V Rajeshwar Rao, CEO, CREDAI

Why industrial View?



Every day we witness a new newspaper, magazine or a journal being launched. Also with proliferation of e-magazines and newsletters where is the need for another magazine, one may ask. Though many magazines are being brought out, there is not a single publication dedicated to SMEs.

We have been deliberating on the need for a magazine that can cater to the interests of the SME sector, that can note the voice of the people involved. A magazine that can go to depths and study problems that affect the sector. More importantly, it can act as a platform for the stakeholders who wish to be heard and take their problems to authorities.

Wherever I go, people approach me with their problems; there could be an issue with the commissioner of Industries, bank work or how to go about establishing a unit. These queries from a cross section of the people made me to think of coming out with a magazine.

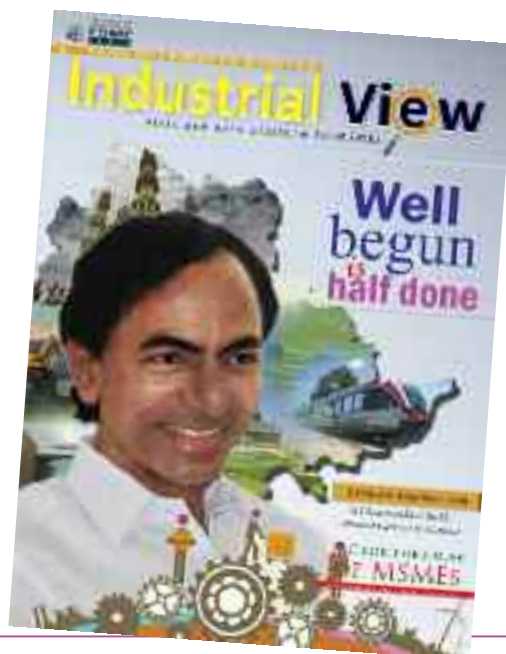
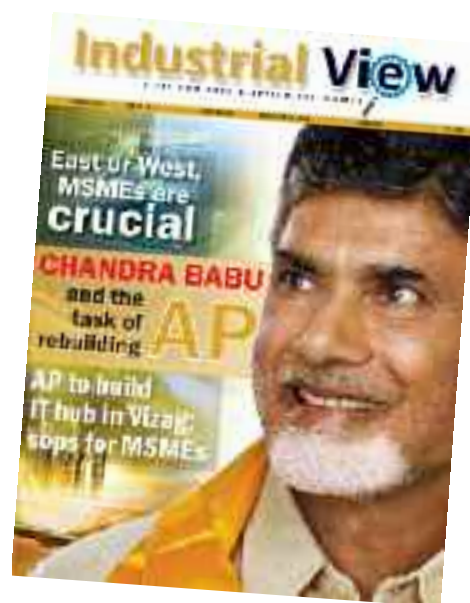
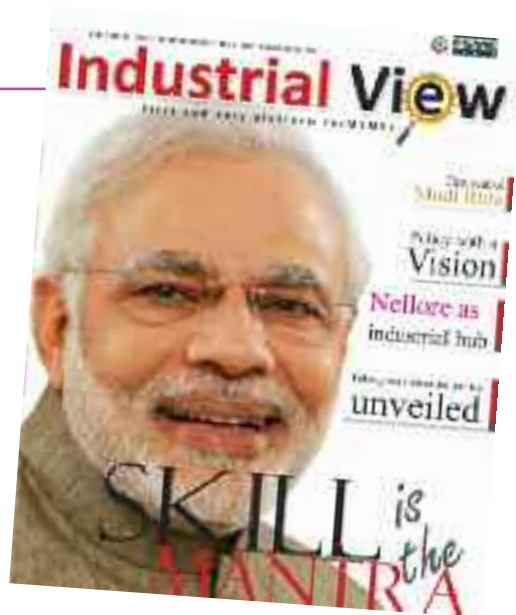
In my three decades of experience as an entrepreneur, I have gone through every phase, from getting a foothold in the industry, understanding the bureaucracy, dealing with the babudom. During these years I have also witnessed the economic changes that have taken place in the country.

In a seminar on 'New economic policy' in 1993 a young post-graduate students had asked Montek Singh Ahluwalia 'you have been speaking about opening our windows to the world but please make sure that the roof does not get blown. The student of Economics was concerned about the industry, especially the small scale and cottage, which could get swept away by the advent of giant MNCs. The issue raised by the student is still relevant. The roof has not blown off with the entry of MNCs, but the small and medium industries have been ignored and relegated to the background.

There is no vote bank for the MSME sector. Perhaps that is why it is languishing. The industrial policy offers many sops, but in reality entrepreneurs are in trouble as there is not a single agency he can turn to. An entrepreneur is not being able to pay his loan to the bank. The bank instead of first going to the commissioner of Industries directly approaches a court against him. Good policies are in place but there is no implementation.

The industrial policy looks good on paper, but is far from it when implemented. There are several committees for promoting small-scale units, but they do nothing. Every month a district promotion committee under the chairmanship of the collector meets to discuss issues pertaining to a sector. The issue of non-performing assets (NPA) surfaces every time. Banks should be told to go soft on units and alternative means of repayment sought. The timeframe could be increased and strategies worked out to safeguard SMEs.

The State-level inter-institutional committee and the empowered committee of the RBI conduct quarterly meetings with the Principal Secretary for Industries and the RBI Re-



gional Director. Sources in the industry say that the outcome of the meetings is far from satisfactory, as nothing is done to tackle issues like NPA.

The district promotion committee and SLIIC have become mere bodies. There is a need to take up issues facing SMEs and Industrial View plans to organize specific meetings, seminars and conferences to find solutions.

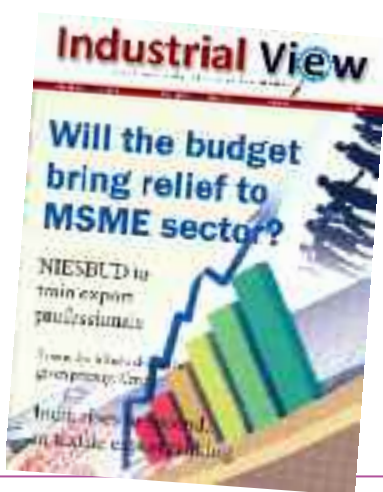
At its core, Industrial View is about transition; it is about hopes and dreams of entrepreneurs. India is transforming and Andhra Pradesh too is going through a tough period. These changes are both invigorating and unsettling. Industrial View aims to help entrepreneurs tread this path by providing context, analysis, insight and perspective. Our aim is to single out the 'why', 'how' and 'when' of the issues that plague the industry. It is our goal to add value in a manner that allows new comers to the field to move seamlessly from information to intelligence to knowledge that will help them wade through the intricate paths of the sector. A new entrepreneur has to deal with 18 departments from Sales Tax, ESI, PF, Income-Tax, Central Excise, Factories Act, AP Pollution Control Board, just to name a few.

Thanks to globalization, today there is stiff competition among industries to excel. Although the country depends on agriculture, it is yet to be given the status of industry.

India is the only such country which enjoys a unique status of possessing abundant natural resources, but its progress has not been matching and impressive. It still follows the British administrative practices and archaic laws. That is why perhaps neighboring China has become a world power, overtaking us in all major fields, including the industry sector. The major difference between the two nations is Chinese politicians, officials and people have accountability, where as we Indians lack it.

The Government of India does not seem bothered about improving the situation as far as the industry sector is concerned, despite the fact that it is a major contributor to nine per cent growth rate, provides 90 per cent employment and 40 per cent exports.

Gandhiji gave importance to cottage industries. Nehru likened all major industries to temples. Indira Gandhi nationalized banks to make them accessible to the common man. Rajiv Gandhi gave importance to Information Technology to take the country forward by leaps and bounds. P.V. Narasimha Rao and Manmohan Singh, as FM, implemented the economic reforms in the 90s. A.B. Vajpayee continued the reforms and gave top priority to the development of national expressway projects as as



result of which property values peaked, surrounding villages developed. Dr. Manmohan Singh, as the PM, is taking the country further forward continuing the same tempo.

Every engineering college should promote entrepreneurship, have a scope for tie-ups with banks so as to enable students to become entrepreneurs (self-employed) without depending on jobs. Instead, they should create employment opportunities in rural areas.

INDUSTRIAL VIEW & ITS SCOPE OF COVERAGE

Importance will be given on updates on development of industrial parks in all viable mandals with stress on training facilities in mining, horticulture, aquaculture. These parks should have separate feeds for industries, agriculture and

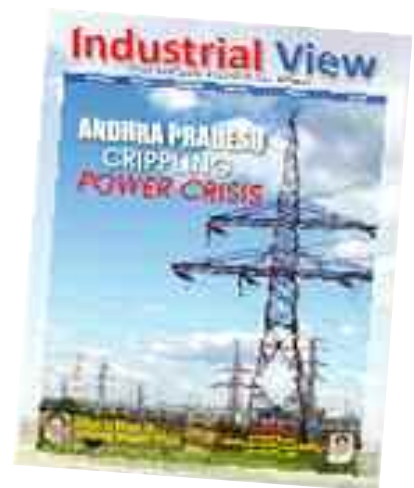
domestic categories, with a big boost for development of the non-conventional energy sources. Every town should have marketing link-up with the parks. Environmental issues would receive more attention. Harijan and Dalitwadass should be developed by providing skill development centers/industrial training centers to promote entrepreneurs. Such centers should promote schemes for the benefit of SCs and STs, by having tie-ups with banks and enable them secure loans.

Industrial View will always support entrepreneurs. It looks forward to entrepreneurs to provide information to the magazine regarding any shortcomings in the administration, instances of harassment, and delays in extension of facilities (complaints regarding corrupt prac-

tices). The magazine will take these issues to the notice of higher officials. They will be projected in the media if officials are indifferent to the demands of the entrepreneurs.

Industrial View will push policymakers and the government to set up industrial parks in all mandals, with skill development centers. It will help entrepreneurs secure bank loans under the Credit Guarantee Trust (CGTMSMEs). It will also coordinate with MSME, NSIC, NIMSME, APIIC, APITCO, commissioner of Industries, Ministry of Handlooms and Textiles, food-processing, mining and hospitality industries, regarding their activities.

(A.P.K.Reddy)



Will the magic of Ajay Kallam work for Kiran Kumar Reddy?



Going by his past credentials, it seems his magic will have an effect at least on the economic front

The chief minister N Kiran Kumar Reddy handpicked senior bureaucrat Ajay Kallam and appointed him as principal secretary. This comes at a time when there is a lot of political hara-kiri going on in the corridors of power.

Politics apart, it is a tough time for the industries, especially the MSME sector and the appointment comes as a breather to the state government.

The 1983 batch officer, who was on deputation as chairman of Visakhapatnam Port Trust, joins back in the state service. Though he still had time in the port trust till November, the CM is said to have asked Kallam to join his peshi immediately.

Will Kallam turn the tide for industries?

The appointment of Kallam augurs well for the industry. He has been at the helm of affairs as MD, APSFC in the past? The senior bureaucrat has a sound understand-

ing of the issues and problems of the industry as he was also been agricultural commissioner.

The business community is looking forward to him to turn the tide. The issues that are burning at the moment and need to be taken in earnest are:

- Rs 20,000 crore arrears by AP-TRANSCO
- The central government came up with a restructure policy which needs to be implemented.
- The 203 GO spells out the rehabilitation programme under the Andhra Pradesh State Small Sick Industries Revival Scheme (APSSSIRS). It needs to be implemented.
- Rs 7 crore funds are lying with APSFC but not a single unit has been rehabilitated.
- The Reserve Bank of India (RBI) conducts a SLIC meeting every quarter but no effective implementation of the decisions take place. Some measures need to be taken to

make them accountable.

- Industries those are heavily dependent on power need to be protected and revived. A special package needs to be in place.
- There is a need for a separate power policy that needs to be introduced keeping the present state of affairs.
- Neighbouring states have the Transparent Procurement Policy but AP doesn't have one.
- There should be a separate MSME ministry in the state.

All hail the appointment

Senior bureaucrats, academicians, political pundits and seasoned journalists all have praised the appointment and are of the view that it is the right decision by the chief minister. Kallam's integrity and good working relationship with elected representatives and his past achievements have propelled his comeback.

The chief minister was on the

lookout for the right man to handle key segments in the state administration and he turned to the chairman of Vizag Port, Kallam. Kallam has been entrusted with important subjects, including revenue, energy, health and infrastructure. All these sectors are crucial for the overall economic growth of the state.

Kallam has been given the responsibilities to closely monitor the flagship programmes and welfare schemes, the pet projects of the chief minister such as sub-plans of the SCs, STs named Indiramma Kalalu, Bangaru Talli and Amma Hastham. He is given the mandate to ensure the proper implementation of these programmes by achieving the set targets on time.

As the chairman of Vizag Port, Kallam has a vision. He was confident that the port would cross a throughput of 70 million tonnes by 2013-14 and 83 million tonnes by the end of the 12th Pan Period, 2016-17. By the turn of the decade, he said that the port's throughput would cross 100 million tonnes.

Ajay Kallam is known for turning around sick and ailing sectors, as the chairman of Vizag Port he took a slew of measures to boost output and productivity. The deepening of the inner harbour channel to accommodate 14 mt draft vessels and outer harbor to 18 mts draft. New berths with merchandised handling facilities for liquids, chemicals, coal and cok.

Given his past credentials, Ajay Kallam is all set to give a new lease to the programmes of the state government. His induction is viewed to give a boost to the projects of the state government ahead of the elections in 2014.

While the government has appointed him to look into all the pet projects, industrialists too wait in anticipation to see what he will do to pull the ailing sector out of crisis.

Will the Kallam magic work? Waits to be seen.



CORPORATION BANK

WELCOMES YOU

Financing Small & Medium Enterprises

SME Schemes

CORP SME TEXPLUS SCHEME
CORP SME AUTO PLUS SCHEME
CORP SME RECEIVABLE FUNDING
CORP TERM PLUS
SME LIQUID PLUS SCHEME
CORP SME GOLD CARD SCHEME
CORP SME CREDIT CARD RECEIVABLE FUNDING
CORP COLLATERAL FREE LOAN SCHEME
CORP COMMERCIAL VEHICLE LOAN SCHEME
CORP GOLD BUSINESS LOAN

**Small & Medium Enterprises are the driving engines for the
Banking Industry and the Nation.**

CORPORATION BANK

D.No. 15/196, BRINDAVANAM, NELLORE - 524001,

Ph: 0861-2337057, E-mail: cb8826@carpbank.co.in, Website: www.Corpbank.in

कार्पोरेशन बँक  **Corporation Bank**



*R Karikal Valaven,
former Commissioner of Industries*

Where have the proposals gone?

The former Commissioner of Industries, R Karikal Valaven sent a number of proposals to the Reserve Bank of India for rehabilitation package for crisis driven MSEs. His term is over, yet the proposals that he sent are gathering dust, forgotten and ignored. The proposals that he sent to RBI and the State Government in August 2012 still stand good.

Here we present his fourteen points:

1. Grant of Interest Term Lone repayable in 3 years with quarterly repayments. The ITL should carry simple interest at 12% p.a. There should be a moratorium period of one year. There shall be no penal interest.
2. The principal both in cash credit and installments' in term loans to be packaged as a second Term Loan repayable in 5 years. Interest on this blocked Term Lone should be no more than 12% p.a. and it should be as per the original agreement.
3. In all the cases their original limits of sanction should be restored and cash credit or demand lone released immediately.
4. Loans should be provided to all MSMEs for purchasing of DG Sets with simple interest to enable the industry to survive during Power crisis.
5. Those units that are on the export markets but have lost them due to recession, packaging credit facilities should be provided for accessing those markets again whenever feasible.
6. Those units that would need Technology infusion should be granted separate fresh Term Lone for such period as the Technology access and its productive life demands keeping in view the cash generation capabilities.
7. All those packages should be covered under CGTMSE package for all MSE units up to Rs. One Crore limit.
8. Since units have no cash on hand, Margin Money or their contribution should not be insisted upon.
9. Demand for collateral security should be highly need-based.
10. For all units whose loan requirements are below 1 Crore, external credit rating may not be insisted upon.
11. All units located in clusters where common infrastructure facilities exist and where the cluster agent is active, you may please examine the prospect of extending concessionary interest rates after they demonstrate the cohesion in their activities with assured markets.
12. Cash credit loans may be sanctioned based on their projected cash flow and assured work orders instead of on balance sheet ratio analysis and past performance.
13. Re-schedulement of loan without effecting status of the industry.
14. No unit should be made N.P.A during this period.

‘We’11 support industrial growth’



Industrial View editor APK Reddy interviewing YSRCP chief YS Jagan Mohan Reddy during his fast untill death for Samaikyandhra at Lotus Pond.

Political equations are fast changing and elections are round the corner. With the bifurcation of the State and following protests in Seemandhra, the political future seems to be uncertain and leaders of all parties are leaving no stone unturned to see their positions are safe. Ministers and elected representatives are quitting one camp and joining the other while election strategists are making plans to ensure the win.

YSR Congress Party which is one of the toughest competitors to the ruling party and the opposition in upcoming elections has a crystal clear agenda. The YSR scion YS Jaganmohan Reddy is all out to support the deceased industries and wailing farming sector.

During his Samaikya Deeksha to keep unite Andhra Pradesh, Jagan shared some valuable points with our editor A Prashanth Kumar Reddy.

Here are some excerpts:

The industrial sector in Andhra Pradesh is in doldrums. How do you look into this and what is your comment?

It is simply because of the hasty decisions taken by the Central and State governments for the last four years. Earlier, during YS Rajasekhara Reddy's time, the industrial growth in Andhra Pradesh was tremendous. YSR signed on the file of seven hours un-interrupted power to agriculture, after coming into power. Slashed power tariff to large and small-scale industries. Encouraged industrial policies with 25 paise interest and subsidies. There is no doubt and it was clear to all. He had a vision to serve this sector which can create job and financial opportunities. He also slashed the power tariffs (all time-low in the history of Indian industries) to the industrial sector. But, after his demise,

they (Congress leaders) are showing it as crime. Is it a crime providing water to industries? They put me in jail for this cause. See how the changes were made by the Central and state governments. Even CBI quoted that there was nothing called quid-pro-quo, but the government is making it as a serious offence and torturing industrialists and me for supporting them. How painful it is. But we are desperate to support the industrial growth as they did it in YSR's time. Kadapa Steel Plant, Krishna Patnam Port, Bellary to Krishna Patnam Rail/Road connectivity, Chittoor, Bramhani Steel Kadapa

are the some of the examples of YSR development plan. He also released the amount of Rs.300 crore for SC, ST entrepreneurs (subsidies of 35% to men and 40% to women entrepreneurs) under the State-level credit guarantee scheme.

55 lakh crore rupees were converted into NPAs (Non Profit Assets) that is affecting literally three crore of people in the state directly and indirectly, how can you help these NPAs?

Bifurcation of state will increase this problem. So, we are demanding the Central and state governments to re-schedule the NPAs. Soon after coming into power, this issue will be among our top priority.



State government has Rs. 20,000 crores dues to power distribution companies (only for industries.) What will be your contribution in solving this problem.

I will assure the industries and related departments that we (YSRCP delegation) will meet the Union Finance Minister, Power Minister and MSME Minister and explain them about the problem. We demand them to solve the power crisis which is mainly affecting the MSME sector. Assured to call for a meet with industrialists and Associations to discuss the issues.



APK Reddy in conversation
with Minister for MSME
G.Prasad Kumar

"WE WILL SOLVE THE POWER CRISIS IN SIX MONTHS"

G Prasad Kumar,
Minister for
Handlooms & Textiles,
Spinning Mills, SME,
Khadi & Village
Industries Board,
Government of AP in
an exclusive interview
to **A P K Reddy**, Editor,
spoke about the plans
for providing asmes-
tance to small-scale
industries, handlooms
and textile units in
particular

INTERVIEW

Tell us about your plans for the textile industry

The government is keen on developing handlooms and textiles. We have sanctioned Rs 2 crore for the Malkapur Textile Park for the development of infrastructure. The focus is to develop industrial parks in rural areas. We believe that true development takes place when it begins from the bottom and in circles, as envisaged by Mahatma Gandhi.

The party is keen to carry forward the ideals of Mahatma Gandhi, Indira Gandhi, Rajiv Gandhi and Sonia Gandhi.

There are also plans for separate industrial parks for SCs/STs and women. There is a provision for 40 per cent subsidy for SCs/STs and women and 35 per cent for men.

Handloom weavers are facing problems of marketing. What are the plans for APCO?

There is good news for the weavers community. GO 24 has been passed which makes it mandatory for all government departments to procure material from APCO. This will give a fillip to weavers as well as the handlooms and textiles sector. Hostels and schools will have to get products from APCO. Priority is being given to the cottage industry. The government wants to safeguard traditional crafts.

What steps are being taken to reschedule loans to industries?

The Chief Minister has written to the

Reserve Bank of India for rescheduling of loans to industries in AP. A joint meeting with the Department of Industries, State Level Banking Committee (SLBC) will be shortly organized.

We are in talks with SLBC on a regular basis. The Government is also stressing the need to procure local products so that industrialists need not bother about marketing.

What is the government doing to provide incentives to industrialists?

The government has already released Rs 115 crore for the purpose. The disbursement of pending arrears to industries in the MSME sector will take place soon.

The government is keen to develop an industrial park for the Kapra Micro and Small Industries Association.

What is the government doing to solve the power crisis?

We have sanctioned Rs 200 crore for providing power to industries for two months in March & April 2012. We will solve the power crisis within six months. Discussions are on lifting power cuts completely this month. The chief minister in touch with all departments. A delegation of industrialists from the State would be taken to New Delhi soon for talks with the Union Finance Minister and the Power Minister.

The power cuts which were earlier in force from 6 to 10 pm have been reduced by one hour. Even the working days have been increased by a day.

Small and Medium Scale Entrepreneurs in Modern India are going through a toughest ever phase in the history of recent times. All this is attributed to lopsided policies of the State and Central governments, bankers, power generation and distribution companies. The industrial development during the last nine years in India and in Andhra Pradesh in particular has not been up to the mark with a good number of industries getting converted into NPAs, adversely affecting the lives of lakhs of entrepreneurs/employees.

State lacks good SSI policy: Muralidhar Rao

BJP leader sees a ray of hope for SMSEs



BJP National General Secretary, M Muralidhar Rao sharing his views with Editor, Industrial View, APK Reddy

However with the political scenario set to undergo dramatic changes with the resurgent Bharatiya Janata Party emerging as the key player, changes in every sphere of development is bound witness metamorphosis, come 2014 General Elections.

Brushing aside his busy schedule, suave and soft-spoken National BJP General Secretary, M Muralidhar Rao shared his views and keen observations with 'Industrial View' keeping national and state perspective in view.

Here are some excerpts from the interview:

This is the worst-ever phase for the Indian industries. How do you and your party look into this issue?

Yes, in modern India we have not seen such bad situation for industries. Here the question related to the existence of small industry, which is undoubtedly backbone of India economy after agriculture.

Under the UPA rule, the focus is not been on this sector. There is no encouragement for the domestic investors.

Surprisingly, they have been entertaining investments from foreign countries. These Foreign Direct Investments had occupied the centre stage. The so-called reforms ushered in by the UPA government centre on foreign investments, foreign technology and facilitations for the foreign companies.

The recently held WTO meeting at Bali, Indonesia also discussed many issues based on Foreign Trade Facilitations (Technology, Industry and Import).

Literally, this sector has been

neglected for the last nine and half years under the Congress rule.

Do you think this is the only problem for the present situation of industries?

No, we have to respect the rules of WTO, but don't neglect the Indian investors and Indian entrepreneurs. Here you can give sops to boost this sector. Provide the basic needs of SMEs and help them to improve the imports.

That will help the industry and the Indian economy as well.

The backbone has become neglected. That resulted in the industrial sickness or NPA. SMEs are the major employment generators. According to the 66th round of national survey, there is a large scope for SMEs to generate more employment but due to unsupportive system they have been thrown into a shambles..

The most important thing is, SMEs provide employment in rural areas and towns. As per recent survey, two-and-half crore self-employed entrepreneurs are on roads for the past 10 years.

India is always the country of entrepreneurs. We had occupied Number One position at the global level. Millions of entrepreneurs were running the economy of the nations.

But the situation has changed; the government forgot the basic principles of the economy to give importance to Indian industries.

Literally, the public money and the personal money are being squandered. When small scale industry becomes sick and liable, the whole economy will register a slump.

This is the situation we have today.

What is required to revive the ailing industrial sector?

Small industry grows when it has sound infrastructure. It does not generate power and if there is no power the industry goes waste. There are no optimum conditions. It leads to the industry to become idle.

We have cold storages but no power supply.



If there is no road connectivity how the SSI will grow. The growth was stopped because of lack of proper infrastructure. And invariably, SSI had become a casualty.

You have converted it (infrastructure) into high-cost economy by raising the interest rates. Hence, the competitive spirit will diminish.

High cost credit is creating a defensive condition for the SSI. It leads to the non-level playing field for both import and exports. MNC works in India and consequently, they are getting loans from some other country.

The interest rates in their country are obviously low when compared to India. They are accepting loans from global market. Global companies will get loans at less interest rate. Obviously they sell goods for lesser amounts.

The system without equilibrium competition will never support the system.

The SMEs cater to the local market needs and the local market infrastructure is being used as the basic logic behind Indian industries. The United Progressive Alliance is against this as they are completely pro -corporate ignoring small scale industries.

They are allotting lands to corporate companies and giving incentives to them.

Their fundamental framework is to be corporate-friendly and not showing interest in saving small industrial clusters and industrial estates.

Are the industries all over India facing the same situation?

Here we have to observe two things. Industrial policies set by the Central Government. They give all



BJP National General Secretary, M Muralidhar Rao addressing an interaction session with Small and Medium Entrepreneurs of AP. Officer bearers of various SME associations are also on the dais

incentives, loans and other benefits as being decided by Union government.

National level financial system is under implementation.

States have to follow the guidelines of Central government.

But only what the state governments can do is. they can allot lands, decide the power incentives/power tariffs and small benefits from their side.

For example, Gujarat has its own power generating system. That is the reason the industries of Gujarat are being supplied with sufficient power and the production is as expected. Industrialists of this state are quite happy.

And other BJP- ruled states are giving good power tariffs and uninterrupted power supply to industries.

Non-Congress ruling governments are working bit more on industries apart from acquiring Central govt aid. But, the situation in Congress-ruled States is totally different.

Neither they pressurise Central government nor they provide helping hand to this sector. Gujarat is providing basic infrastructure and road connectivity to SSIs. They have been creating new clusters and industrial estates.

Non-Congress ruling governments have been working with limited resources .

It is highly impossible to transcend all the barriers which are being put forth by the Central government

What is your party's vision on India-China trade relations?

It is one among the problems being faced by the nation. The trade deficit with China is 40 million dollars as on date. The difference between the imports and exports with China is in the favour of China.

That means we have been importing more from China but exporting a little to the Communist country. This is nothing but we are exporting employment to China.

Indian government supports

China as per its laid-out their policies. We have been losing due to the imports from China power sector. Power supply inputs, mobile batteries, toys, Ganesha statues, electrical, electronic, computer peripherals... etc are being imported from China.

Basically, India has good business skill. But the long-term plans were not been implemented by UPA govt.

Except Hyderabad no SSI cluster is in Telangana region. Many parts of the Andhra region also don't have clusters. This is attributed to lack of good SSI policy by the government of Andhra Pradesh..

Research laboratories like ECIL, IDBL and other public sector undertakings are in Hyderabad. Based on this some associated sectors are surviving.

I am very much sure that only SMEs can boost the Indian economy – there is no doubt. For that matter, no industry can go on its own but they have to be given importance and priority. SSIs and micro industries are being grown from forefathers. If we give importance to them it will definitely help in generating more and more employment.

Modern India also had the scope of cost-based industries like toys, saree weavers. But, now it is in a sorry state.

At Centre, and in Andhra Pradesh the governments are not ready to provide skill development training institutes. Vocational engineering colleges should work on par with professional engineering colleges. Then only the skill required for the SSIs will be developed and can yield good results.

Do you hold banks' responsible for this situation?

Banks have to follow the guidelines given by RBI in the revival and rehabilitation of sick industries, but they are not following the rules.

Bank managers are not taking risk. They are not giving importance to the needy and deserving. Targetted section is being humiliated even by the bankers. And even retail marketeers are shelling out five per cent interest on day-by-day basis to micro finance system for their existence.

Narendra Modi is the only alternate for the development in India. NDA has many times questioned UPA's irrational rules and policies that led to skewed development of the industry in the country.

The banking system for the retail market has not been systemized in India till today.

Loan without collateral security is only to paper but not put to implementation.

Walmart is being given loans at low interests but the retail entrepreneurs here cough up high rate of interest.

High expectations are on Narendra Modi from industrial sector. How do you assure the industries?

Yes, there are high expectations from Narendra Modi. Because, he

has a proven track record of good governance and industrial and development aspect as well.

Narendra Modi is the only alternate for the development in India. NDA has many times questioned UPA's irrational rules and policies that led to skewed development of the industry in the country.

We are desperate to re-write the Indian glorious history as the revival of industries is the only alternative, we believe.

For that, National industrial policy should be conceived and implemented in right and earnest manner.

Though there are WTO conditions in foreign trade business, we have to work for the development of Indian traditional industries.

We will include all these problems into our Manifesto during the ensuing elections and will accord top priority for revival of industries.

Andhra Pradesh industries have special problems; BJP will specially address the problems and try to solve the problems after coming into power.

It is not the problem of two regions. It is the problem of 'Telugu Jaati'

We are planning for a special study on the issues concerning AP industries,

Industrial clusters, new clusters' re-organizations, creation and make sincere attempt to solve the problems at any cost.

We will try to remove the national industrial imbalances.

NDA plans and created system helped UPA-I to serve India better but that is no way related to the greatness of the Congress. ■

MSME erases boss-worker hierarchy



The aptitude to call a spade a spade, own up mistakes and take quick corrective action is something that is a key characteristic of **Dr K Narayana**, **State Secretary of Communist Party of India (CPI)**. Assertive but not aggressive, his voice says it all. Outspoken, he hits the nail on its head when he deals with the issues of public interest.

With the word 'fear' giving always a miss in his lexicon, Narayana emerged a crucial cog in the student movements, not only in his native mandal Nagari, but also in his Chittoor district. Habituated to face the danger and surge ahead of adversaries, Narayana, a qualified physician, involved immensely in several mass struggles and widely admired by rank and file of the party and even also outside the party. It is always exciting to speak to the leader like him, who is spending his life fighting and speaking against the economic disparity, civil unrest, marginalisation and corruption.

APK Reddy, **Editor-in-Chief, Industrial View**, met Comrade Narayana to discuss many issues related to the industrial crisis, particularly in MSME sector.







APK Reddy, Industrial View Editor-in-Chief, in a tete-a-tete with Dr K Narayana, State Secretary, CPI.

Our State is now bifurcated and consequently Special Category Status (SCS) is promised to Seemandhra for 5 years. But, SCS to 'affluent' Seemandhra is being opposed in Telangana. How do you look at the issue?

The two regions are not rivals to compete for special privileges without thinking of practical feasibilities. Virtue must prevail out of teeth of emulation. We, the CPI, stood solid for the cause of Telangana people. It fought for the rights of the people, for special allocations to the region. When they agitated for their own rule to get their problems solved and develop their region, we supported the separate Telangana movement.

On the other side, the apprehensions of the people of Seemandhra also should be understood, particularly on the issues like water. Godavari and Krishna rivers flow through Telangana. Though it was the upper riparian region, it did not able to use the water with lack of lift irrigation projects, as the farming lands in Telangana are in higher elevation. Late Chief Minister Y S Rajasekhara Reddy made some effort on projects. In Seemandhra, the people are longing for the completion of irrigation projects like GaleruNagari, HandriNeeva, Velugodu which were

based on surplus waters of the Krishna river. Thousands of crores were spent on them. But, the recent interim judgment by Brijesh Mishra tribunal preventing Andhra Pradesh from utilizing surplus water put the fate of all the unfinished projects in jeopardy.

Amid this situation, separate Telangana definitely adds up to their apprehensions. Therefore, their demand for the continuity of special category status for 10 years, is also understandable and genuine. All these opinions are being incorporated in CPI's representation with Centre and also with Group of Ministers (GoM). Moreover, the oral assurances of the PM in RajyaSabha on SCS have no relevance, unless it is constitutionally processed.

Seemandhra's concentration on Hyderabad was also an offshoot of the centralized development in the capital. The movements with regional aspirations generally arise when the region lags behind in development. Let Hyderabad experiment should not be repeated in future.

Telangana community fears de-industrialization of Telangana for Seemandhra being given SCS. What is your stand on it?

Before dealing with those hypothetical problems,

I would like to advise the industrialists of Seemandhra not to flare up the tensions with their provoking statements. Their imprudent statements on shifting their headquarters to residual AP leave a negative impression in the minds of Telangana people that they are leaving to evade tax benefits to Telangana, the place where their businesses were flourished. The provokers are the corporate players, not the small entities.

What is your policy on small and medium entrepreneurs?

Of late, we realized that MSME sector wiped off the hierarchy between the employer and employee. Earlier, the management of industry was seen in conventional terms. I used to take harsh stance equally against the managements of big and small entities. There were incidents of strikes, which led to the closure of the small units. Later on, I, as well as my party also realized that the employers of small and medium industries are semi-workers. They also join the workers with the same tools of manufacturing.

I knew personally many cases, where the young, educated and talented youth were attracted by the government to start their own firms and later were ditched. Nicely placed engineers had to forgo their secured jobs after being encouraged by the government policies and later, they were left in lurch. With the objective to empower youth of the rural area and provide them with employment opportunities in the industry at a location near to them, government made big promises on free land, infrastructure and other facilities, including en-

ured marketing of their products. But, government did not keep its promises, resulting in bankruptcy of the industries by young entrepreneurs. The banks, which gave the birth to the industries, played devastating role in confiscating the same industries.

It is generally opined that unless the policy of encouraging young entrepreneurs is mandated with an enactment, it is difficult to implement it. In other words, legislation must be passed in the lines of SC ST Sub plan or Protected Tenancy Act, for strict implementation of youth entrepreneurial ventures. What is your comment?

- CPI supports the idea. Our governments are not making use of the most of our young talent. So, the talent is pushed into large, established MNCs. This is not what we need over the longer term. What we need for the next decade are thousands of new companies that will focus on developing and launching products and services needed to tap the massive opportunities in our own land

and also around the world. Therefore, youth entrepreneurship policies must be introduced. The units of the small and medium entrepreneurs, including of youth teams, must be made ancillaries to the big corporate players. The big hurdle, marketing of the products must be taken care of.

I believe that SMEs cannot survive all on their own. There has to be specific intervention by the government for this sector to survive. It intends to reverse the neo-liberal paradigm of the past few years and have a renewed focus on the growth of public sector and SMEs.



The young, educated and talented youth were attracted by the government to start their own firms and later were ditched. Nicely placed engineers had to forgo their secured jobs after being encouraged by the government policies and later, they were left in lurch.

State government routinely provides policies to the SMEs. But, they are untimely and not coming in the rescue of SMEs. Do you take active role in getting constitutional obligation to the policies? Does your party advocate the cause of SMEs? Do your MLAs and MPs fight for the welfare of SMEs in the State and Centre houses of legislation?

Our party will definitely strive hard for a comprehensive legislation in Parliament for welfare of SMEs. From the beginning, we supported SMEs and opposed the monopolist corporate industries. Our party already waged a battle against Foreign Direct Investments (FDI) in the interests of small and medium industrialists.

We are opposing FDI in retail tooth and nail because, it wipes off the small-scale industries and also causes soaring inflation rates. We demanded the government to implement encouraging policies for SMEs in the labour intensive sectors. We seek relief packages for sectors affected by recession like textiles and garments, gems and jewellery, leather, handicrafts, coir, cashew, marine products, software and IT, particularly the small and medium enterprises. Providing adequate incentives, infra-

structure support and ensuring sufficient credit from banks and financial institutions are the major thrust areas for CPI.

SME sector is severely hit by irregular power cuts and improper power policies of the government. Statistically 6 units per hour are being shut down due to the restrictions imposed on legitimate power consumption and levying hefty penalties for exceeding prescribed limits. How do you perceive this power problem?

Power is the major source of input to the industry. Since the government is only supplier of power and it is bound to supply necessarily, it has to look out for its resources for the stipulated power supply. Industry has nothing to do with the problems of the government in power generation, including lack of water in reservoirs, dearth of coal, or shortage of other resources. Therefore, like in insurance policy, the government should take the responsibility for the losses of industry due to power shortage. The industrialist must not be burden for the government's mistake. Law must be amended, enacted to make the government responsible for improper power supply.



Since hereditary professions and conventional occupations of washer men, cobblers, barbers and weavers are heavily hit by the changed lifestyles, what do you demand the government on their behalf?

The communities you referred to were virtually self-sufficient in the villages. Later, they were displaced by gadgets and they are misplaced. For example, washer man community faced severe hardship with the advent of latest electrical and electronic washing machines. Their plight ushered them to towns and cities

to become working labour for a dry-cleaning units of a capitalist. The government must be proactive to supply washing plants and modern laundering machines, besides ensuring them free power supply to face the competition from the muscled capitalists.

Similar exercise must be followed for all those engaged in their traditional occupations. While encouraging registered societies, the government should allocate some corpus fund for disbursement of loans.

It is equally important to one and all to see the welfare schemes, brought into the level of implementation after relentless struggles, not to get inflicted by corruption.

By the latest statistics, the banks have added Rs 63,386 crores of bad loans during the nine months ending December 2013, which represents a growth of 35.2% over the March 2013 number. Gross non-performing assets (NPAs) of 40 listed banks rose 35.2% to cross the Rs 2.4 lakh crore mark. Basically, what is your stand on the NPA norms of RBI, particularly when it comes to SMEs?

I have my reservations on NPA norms on SMEs.



Credit should not be a constraint for viable projects in the MSME sector. However, the major problems faced by the MSME sector are related to the availability of loans without collateral, delays in loan sanctions, high cost of funds, delayed payments, marketing problems, sickness, etc.

The 90-day overdue norm for a loan account to be treated as non-performing asset (NPA), should be repealed for small and tiny enterprises, in view of the fact that payments to small scale Industry suppliers are delayed beyond 180 days as a rule, sometimes even to 210 to 270 days, notwithstanding the Delayed Payment Act.

The 90-day norm for a loan account to be treated as NPA is counter-productive, because, if a particular bill is not honoured on the 90th day, not only the drawing power of the borrower gets reduced, but it also sets off a chain reaction, as a result of which the account itself slips into the status of an NPA. Now, I was told that 90-day period is going to get reduced further to 30 days, which is outrageous. If

an ordinary citizen could not repay a couple of car-loan installments, the bank is uncouth to snatch the car. MSMEs might struggle to even get a loan. If they manage to get a loan, the bankers prowl around the small industries till they are crumbled down to earth.

Credit should not be a constraint for viable projects in the MSME sector. However, the major problems faced by the MSME sector are related to the availability of loans without collateral, delays in loan sanctions, high cost of funds, delayed payments, marketing problems, sickness, etc.

But, banks show enthusiasm to hide bad loans of corporate players. Instead of writing off loans or forcing anyone to pay up, they offered an ingeniously named scheme: Corporate debt restructuring; they are given a moratorium, maybe a year or two, on payments. Suddenly, the blacklist of incorrigible business defaulters falls into oblivion, because, they might have arranged for new loan. It is particularly galling in a poor country where banks immediately blacklist poor and middle-class defaulters, particularly the SMEs.

It is also come to my notice that a lobby is active

to get the units in the industrial belts declared as 'sick units' so that the land could be sold to the land mafia on that pretext. Bank higher officials are allegedly ganging up with the mafia and everything is done in connivance of bureaucrats. We are seriously thinking to wage a war against the mafia.

I, on behalf of FSME- AP, am very grateful to you, your party for standing strong in our solidarity. I hope, you will further extend same kind of support for SMEs' cause.

We are richly endowed in entrepreneurial talent. The economic censuses demonstrate the huge size and growth of entrepreneurial activity with SMEs. In my opinion, the SME sector is inherently more efficient than the corporate. The SMEs tend to have lower capital to labour ratios. The small scale industries are one of the major sources of employment in the Indian economy.

But, SME sector has been several institutional bottlenecks ranging from marketing, finance, infrastructure, technology, particularly lack of support from policy makers, who

are unfortunately encouraging domestic big business houses and the MNCs. CPI will definitely in forefront to oppose anti- MSME attitude of governments and will agitate for the cause of MSME sector.





Mekapati Rajgopal Reddy
CMD

Delivering the best that the world has to offer

That's the guiding philosophy of VDB projects:

A new generation infrastructure
development, construction and
project management company,
VDB projects has consistently
achieved global standards in
professionalism, quality and value.

Our seamless
partnership with our clients has
helped create high-end
sustainable property assets.

VDB PROJECTS (P)LTD
Indira Nagar, Bangalore



FUNDS *to* IMPLEMENT industrial policy is priority

Vision, determination and leadership- are the three essential elements for the able administrators who make a difference. Translating the understanding and policies of the governments into actions can be done only through them. In this course some administrators leave their prints on the people whom they are dealing with.

***B.P. Acharya, I.A.S.**, presently Principal Secretary, Planning in the Government of Telangana is one such exemplary administrator with a vision and acumen.*

His contribution to the industrial development of the combined Andhra Pradesh and in particular Telangana has been quite significant.

He believed in knowledge-based MSMEs and encouraged setting up institutions like APSSI Centre. He was instrumental in setting up SSI Rehabilitation Fund to serve as seed money for rehabilitation to those who qualify for rehabilitation.

Even while in APIIC his abiding interest in MSMEs made him insist that the SEZs should have significant space for the MSMEs during their growth process.

Sectoral policies starting with biotech, pharma and auto have seen hey days during his time.

*B P Acharya, a name synonym for providing active leadership for the growth of the industry in the erstwhile Andhra Pradesh is now leading the planning department which can give impetus to multi-faceted development of Telangana. He shared his views on various aspects of industry and MSME sector in an exclusive interview with **Industrial View**.*

You have vast experience and a dynamic vision on the industrial sector as you served during the Chief Ministership of Chandra Babu Naidu and YS Rajasekhar Reddy. What were the major achievements in industrial sector in undivided Andhra Pradesh during your tenure as Secretary of Industries and Managing Director AP Industrial Infrastructure Corporation?

During my tenure as Secretary Industries from 2000-2004, concerted efforts were made to develop a Life Science cluster at Genome Valley in the outskirts of Hyderabad, which has emerged as the biotech hub of India. During this period efforts were also made to create Apparel and Leather Industrial parks and also to address the needs of SME sector, particularly with reference to incipient sickness. During my tenure as MD, APIIC between 2005-2009, the resource base of APIIC recorded significant increase and grew from Rs.125 crores to Rs.5000 crores (approx), which in turn, helped in all round upgradation of infrastructure in the industrial parks in the combined state of AP.

AP Industrial Infrastructure Corporation played an important role in developing the industrial sector under your leadership. The district offices of APIIC were designed to attract entrepreneurs. Can you share the idea and vision behind developing district offices of APIIC? During your tenure of



The priority of the department is to ensure smooth flow of funds to implement the new industrial policy of the state.

”

the MD of APIIC, how much of land allocations were made by APIIC and what were the figures? What are the statistics in terms of development, employment and revenue generation?

By improving the infrastructure in over 200 industrial parks in the state and setting up new clusters in around 100 SEZs, (the highest number in the country), it was possible to attract large scale investments in various sectors, thereby

generating employment in large numbers. A case in point is the Aerospace SEZ at Adibhatla, which has emerged as the global hub for high-end manufacturing in this sector. Another example is the Financial District at Gachibowli and the Knowledge city project at Raidurg which have attracted investments from many global players.

What is to be done in the two new states of Telangana and Andhra Pradesh for the growth of industrial sector?

There is a need to consolidate the efforts of the past and to give a new boost to the industrial sector, particularly in manufacturing area, by capitalizing on the “Make in India” campaign of Govt. of India.

District Industries Centres (DICs) are supposed to play a vital role for the growth of industry at district level. Today, they are in an absolute pathetic condition without infrastructure and other necessary conditions. Where do you locate the problem? What are the steps to be taken by the government to rejuvenate DICs?

There is an urgent need to convert DICs into proactive facilitation centres for industrial growth for effective implementation of new industrial policies in both the states. Change in mind set is the need of the hour, for the personnel posted at DICs. Suitable incentive schemes for good work need to be devised too.

Entrepreneurs, particularly from MSMEs do not feel secure in the present atmosphere? What are the major aspects which are acting as deterrent?

Challenge of global competition and lack of timely credit for working capital needs are major hurdles for the MSMEs sector today. Till recently, availability of power was another problem which was successfully redressed in Telangana now.

In the present scenario of globalised economy how can be the MSME sector linked to corporates and multi nationals? What are the common points and contradictions?

We had taken up a study through ISB to connect MSMEs sector to the large manufacturing units in SEZs and MNCs under “SME connect” programme that made some interesting recommendations to achieve a continuum in the industrial value chain. Particularly in the context of the downturn in China, there is a huge opportunity to be tapped by India and our MSMEs sector should take full advantage of this.

NPAs are the major issue of concern for the entrepreneur. Incentives declared are going to banks under recovery. In this scenario, how MSMEs can be rescued?

Special credit line for MSME sector needs to be worked out by the banks and there is a need for revamping the existing policy in this regard.

Planning is the crucial department which envisages future requirements to suggest allocations. As you are heading Planning of Telangana state, what are your priorities regarding MSME sector?

The priority of the department is to ensure smooth flow of funds to implement the new industrial policy of the state.

Telangana districts have different natural sources which can be tapped for the growth of local MSMEs. For example forest products and granite in Khammam district. What should be the plan for tapping these resources for the benefit of MSME sector?

Mineral based industries particularly in MSME sector need to be promoted in these areas.

For the revival of sick units in Telangana Corpus Fund is needed. What are the plans from the government side on this crucial issue?

I am sure industries department is examining the matter and will come up with appropriate policy initiative.

Institutions like State Institutional Promotion Committee (SIPC), State Institutional Promotion Board (SIPB) and Small Scale Industries Development Board (SSIDB) became defunct. Entrepreneurs and MSME bodies feel that this has affected the performance of the industry. Is this opinion justified or a baseless apprehension?

A special chasing cell has been created in the CMO of TS Government which can monitor the redressal of problems faced by industries. New institutional mechanism has to be evolved under the industrial policy to create an effective system to proactively promote industries.

What are the major issues of concern in the industrial sector to achieve ‘Bangaru Telangana’ call of the Chief Minister of Telangana K Chandrasekhar Rao and the government?

The biggest challenge is to ensure that the recently launched TS-iPass and the industrial policy recently are implemented effectively and suitable infrastructure is created in the large tracts of land identified without much delay.

What are the steps to be taken in industrial sector and particularly MSMEs, to make ‘Make in India’ a possible dream?

The objectives of ‘Make in India’ can be achieved by giving a boost to the manufacturing sector and ensuring ease of doing business. Suitable labour reforms are also needed to ensure this.

MSME sector is in dire crisis for the past two decades. What is to be done for this sector by the governments of two Telugu states and the Central government?

Needs of the MSME sector which provides large scale employment require to be addressed and a revamp package may be worked out to give an impetus to the sector.

NEW INDUSTRIAL Policy is UNIQUE

Jayesh Ranjan, MD,
Telangana State Industrial
Infrastructure Development
Corporation & Commissioner of
Industries, Telangana state,
explained the salient features of
New Industrial Policy of
Telangana, in an exclusive
interview with M A Vasu,
Executive Editor



KCR led Telangana government took the industrial development as one of the major driving forces for the growth of the newly carved state. The Chief Minister himself interacted with the industry associations, officials to grasp the problems and issues. After a few months of exercise it came out with a New Industrial Policy, claiming it as one of the best industrial policies in the world.

Industrial View: Leading an important institution responsible for industrial development of new state of Telangana is no simple task. What are the challenges and tasks before you?

Jayesh Ranjan: Most important challenge is that Telangana being a new state is not widely recognised by people. As it is there is competition from the strong states which are doing well industrially. To meet this competition and

For the first time, a right has been created for the entrepreneur to seek approvals within a time bound manner and to impose penalties on officials who cause delay due to negligence in according approvals.

emerge ahead by a completely new state, it is the most critical aspect.

Industrial View: CM of Telangana declared that the Industrial Policy declared by his government is an exemplary one. What are the vital and unique issues addressed in this new policy?

Jayesh Ranjan: The New Industrial Policy has a number of unique features. For the first time, our state has decided to reserve all Government lands not fit for agriculture, for industrial purposes. The process for according permission and approvals has been simplified. For the first time, a right has been created for the entrepreneur to seek approvals within a time bound manner and to impose penalties on officials who cause delay due to negligence in according approvals.

Industrial View: Many new projects were announced in these past three months. Take the ex-





ample of the area designated for Aerospace industry, what are the salient features of this?

Jayesh Ranjan: Aerospace has been identified as a priority sector in the New Industrial Policy. The Government will issue a sectoral policy on aerospace very shortly which will provide additional benefits to new aerospace units. Telangana State Industrial Infrastructure Corporation (TSIIC) is taking steps to develop expansion of aerospace Park in Ibrahimpatnam Mandal.

Industrial View: Establishing Pharma City in the outskirts of Hyderabad is another major announcement. What are the preparations and is there any road map?

Jayesh Ranjan: Land survey for the

Government is considering extending incentives similar to those given to SC and ST entrepreneurs BCs and Minorities also. Chief Minister has already announced this during the discussions in the Legislative Assembly

new Pharmacy in 2500 acres of land identified in Mucherla village of Ranga Reddy district of establishing new Pharmacy is in progress. TSIIC is also calling for tenders for preparation of Master Plan and Environment Management Plan for the Pharmacy.

Industrial View: What is the present status of land bank in the state? How many acres earmarked or in the process of acquisition? What is the status of land bank created previously and number of acres available for allocation immediately?

Jayesh Ranjan: TSIIC has 2,35,000 acres in its land bank. Of these lands, about 65,000 acres is readily available for allotment.

Industrial View: What are the



plans of TSIIC for establishing industrial parks and artisan parks in rural areas?

Jayesh Ranjan: We will be taking up phase-wise development of New Industrial Policy in the state. As mentioned in the New Industrial Policy, all required infrastructure will be created beforehand, before allotments are made to the units.

Industrial View: Do you have any proposals to strengthen ILAS in the already existing industrial areas in the state?

Jayesh Ranjan: The guidelines to strengthen IALAS and make them representative local bodies have been recently introduced. The same guidelines will continue to be adopted in Telangana state also.

Industrial View: Artisans and OBC sections are demanding incentives and schemes for establishing industrial units similar to Scheduled Castes. What is the response from the government?

Jayesh Ranjan: Government is considering extending incentives similar to those given to SC and ST entrepreneurs BCs and Minorities also. Hon'ble Chief Minister has already announced this during the discussions held in the Legislative Assembly.

Industrial View: Thank you for sharing the perspective and implantation aspects of the New Industrial Policy. We wish the new policy to be a role model for other states by benefiting the stakeholders.

“Tooling industry is the engine for growth of the manufacturing industry”

With over 36 years of experience out of which six and a half years at CITD, **Shujayat Khan**, Principal Director is the man behind CITD’s success in recent years. In a tete-a-tete with **A P K Reddy**

Tell us more about the activities.

The institute has a legacy and I am just taking forward the baton that was handed over to me by my predecessors. The institute has grown by leaps and bounds and today is rated as one of the best institutes in the country. Since 1968, the institute is paying its part to boost the tooling industry. Tooling industry is the engine for growth of the manufacturing industry.




From where do students mostly come?

Not just students but people from every sector be it the small, medium and micro as well as public sector units have trained at CITD. A large number of foreign nationals too get trained in various areas.

The lack of quality is the bane of industry. Your comments

It is true that the lack of quality has hampered the industry. Our focus is on quality. We can also offer consultancy in lean manufacturing and ISI certification. We want to address the industry associations in manufacturing and electronics. We have been working towards this end along with the two sub centres at Vijayawada and Vishakhapatnam.

A photograph of Dr. Rajat Kumar, Commissioner of Industries, sitting at a desk in an office. He is wearing a light blue button-down shirt and is looking towards the camera. On the desk in front of him is a laptop, a mouse, and some papers. In the background, there is a computer monitor displaying a website, a printer, and a keyboard. The office has a neutral-colored wall.

Dr Rajat Kumar,
Commissioner of Industries
speaks to A P K Reddy about the
general state of affairs and on the
plans for the small & medium
Enterprises

**“ We will put forward
a proposal for transparency
procurement act”**

On the need to improve infrastructure of industries in districts

In 1978 all over India a scheme was started to facilitate the infrastructure development. The capital was provided by the government and operations handed over to districts. It is a fact that over the years there has been no up gradation.

Now there is an effort to improve the infrastructure at DICs. A meeting was also held on June 5. Computers, internet connectivity, estimates for all buildings are underway. There is a plan to also spruce up the office of the commissioner. It is a heritage building; the plan is to revamp it in the next nine months.

As regards to the state of the buildings some are good, for instance at Vishakhapatnam and Cuddapah. There is a need for a new building at Warangal as they are presently functioning out of a rented space.

On industrial promotional officers

The most important aspect is to define work for Industrial Promotional officers. There are 110 IPOs recruited as on date. We have written to the respective panchayats for space and the response is positive. The need of the hour is to identify activities suited to specific areas. The issues such as backward linkages, natural resources and human resources need to be taken into account.

Constituency wise planning is going on with the available data and a report is being prepared.

On lack of staff at the Commissioners office

There is a shortage everywhere but the commissionerate has been doing its job. This office disburses eight types of incentives. Today with the 6000 mee seva centres entrepreneurs can claim incentives.

On CGTMSE

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) is a flagship programme and is an inclusive scheme. Loans upto Rs 52,000 crores have been disbursed at all India level, it is far from satisfactory in Andhra Pradesh.

On the allegation that the office of the commis-

sioner of industries is an advisory body and banks are not heeding to its advice

We have been making appeals all forums, be it SLBC, SLIC and even at the district levels. There is also a need to question why banks are not giving loans? Entrepreneurs need to show viable projects along with marketing potential. Once credible projects are tabled, banks are bound to be interested.

The commissionerate has been playing an active role and is taking up the cause of the industry at all given times. There are several technical issues and in many instances the office cannot take decisions beyond its purview. We do agree that there is a need to streamline and monitor GMs at the district level. We will be conducting meetings with DECs, Collectors, DMs, and GMs.

Many states have Transparency Procurement Act but AP does not

It is a fact that AP does not have one; the office of the commissioner of industries will put forward the proposal.

Big industries like Mahindra and Mahindra have set up industry in the outskirts of Hyderabad but locals are not being benefitted

It is too early to make a judgment. It is noticed that when big industries set up plants they come with their ancillaries. According to a recent survey it is expected that 35 ancillaries would come up in Andhra Pradesh.

On Facilitation Council

I am a member of the council and will be writing for five new councils in other parts of the state.

On and allotment for small industries

It is under consideration. That is all I can say at the moment.

On granite industry

There are many unresolved issues pertaining to the granite industry. Power, royalty, mining leases and Chinese competition. The commissionerate is ready to meet the representatives of the granite industry and chalk out a plan.

Skill development *is the* MANTRA



Industry is not just investments. Human element is the key for production. In the times of explosion in knowledge systems, rapid spread of global capital Indian Industry is in search of 'Skill' which can assure flow of capital and industrialisation which can steer the country to progress.

Here is an institution National Institute of Micro, Medium and Small Enterprises, popularly known as ni-msme, which has a modest but visionary origin, engaged in training skilled manpower for the past five decade with dedication and commitment. If industries are considered as the modern temples, this institution is producing lakhs of priests to worship labour power and production.

*M Chandrasekhar Reddy, Director General of ni-msme shared the goals, achievements of the institute and his vision on skill development and training manpower in an exclusive interview with
Industrial View*

Industrial View: Can you briefly explain about the nature and role of ni-msme in training the manpower and working for the cause of micro, small and medium enterprises?

Chandrasekhar Reddy: Basically ni-msme is a training institute. Apart from training many new initiatives we have been taking up in terms of consultancy, research and evaluation studies. We have been developing new curriculum, trainers' manuals, and new modules. Every passing year we are trying to keep on adding new things so that technical education we impart is up to date. Our mandate is to serve to serve at national and international level.

What are the milestones and achievements of your institute in the past five decades?

We have many achievements to our credit, to name a few, a noteworthy thing is our institute had UNESCO chair to work exclusively on policy issues on MSME sector. UNIDO recognition is another feather in the cap of the institute. Our association with international agencies like ILO, Afro-Asian Rural Development Organisation (AARDO) made our presence global.

How many training programmes have been conducted in the past three years?

In the last 50 years ni-msme has conducted 6,500 programs and in

which 2,75,000 persons participated. In the past three years we have made rapid strides in terms of numbers and quality also. In the last 1,70,000 participants were benefitted through 5,000 programs.

The reason for the leap and increase in the number of programs in the recent years is that the Ministry of MSME has introduced a scheme exclusively for this institute along with two other national institutions. Because of the best support of the ministry this could be achieved. The will of the MSME ministry to protect this institution is the reason for the survival and progress of ni-msme.

Talking about examples of individuals, there are many examples



MILESTONES

- Conducted a pioneering Research study in Achievement Motivation in association with Professor David Mc-Clelland's Kakinada experiment (1964)
- Organised the First Executive Laboratory in India (1964)
- Conducted the First International Training Programme in SME Development (1969)
- Established a Specialised Information Centre, the Small Enterprises National Documentation Centre (SENDOC) (1971)
- Established a Branch Regional Centre at Guwahati (1979)
- Attained National Status and Renamed as National Institute of Small Industry Extension Training (NISIET) (1984)
- UNCESO Chair (1997)
- Achieved Self – sufficiency (2001-02)

of successful industrialists who got basic training at this institute. Vijay Electricals, a leading manufacturer in electrical items is one such shining example. In early 70s the training imparted on technocrats by this institute has produced many successful entrepreneurs. This was initiated by the Department of Science & Technology and could contribute to the growth of entrepreneurship in the country.

Generally educational institutions depend financially on governments to survive. As an exception, ni-msme stood as a shining example of self-sufficiency and financial independent institution. How did you achieve this?

Till 2001 there were some grants from MSME ministry for this institute. The year 2001-02 was a glorious year for us as this institute grew as an income-generating self-sufficient centre.

Most significant achievement of this institution is its financial strength of self-generation. This goal

which was attained in 2001 is not a small achievement as this is crucial for survival of any institution. Finances are generated through trainings, consultancies and various other programs are on a constant increasing mode in the past 15 years.

Salaries for the employees, daily expenses, expenses for the maintenance of infrastructure and

basic amenities- all are met with the funds generated by ni-msme itself. Ministry can be only approached for allocations on capital expenditure for expansions and extensions but not for day-to-day running of the institute.

What is the programme which could reflect the core philosophy of ni-msme in serving youth and entrepreneurship?

Entrepreneur development programme for youth is undoubtedly our major program. 45 trades-Ministry schemes- in the last three years one lakh youth were trained. Even after training, we follow-up their advancement and it was found that on an average 40% are benefitted through either wage employment or self-employment, mainly wage employment.

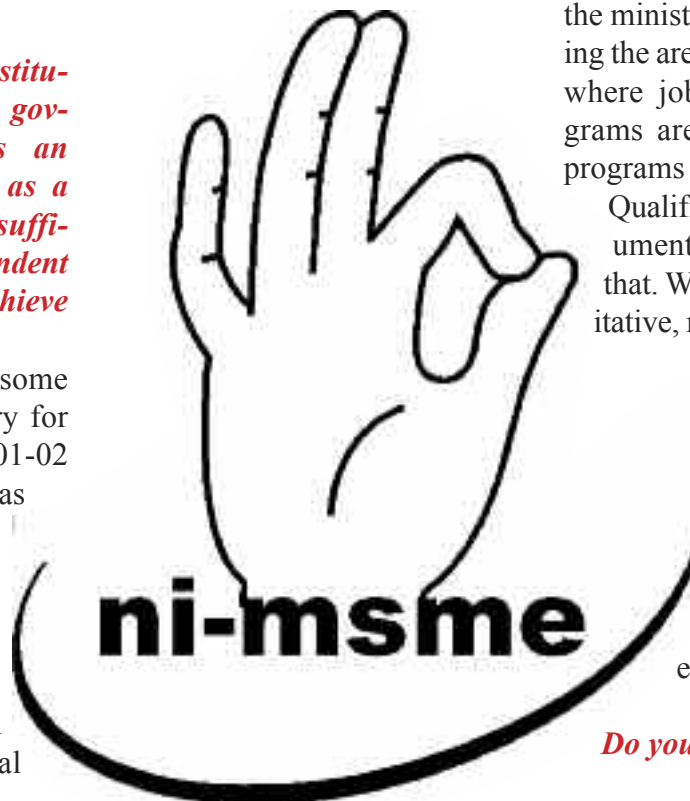
What is the criterion for selection of courses?

Ministry is insisting to increase this to 70%. In this year planning the ministry is stressing on selecting the areas, sectors and locations where jobs and apprentice programs are available and linking programs based on National Skill

Qualification Framework Document. We are working on that. We are trying design qualitative, result-oriented programs

under the guidance of the ministry here in this institution we are planning to introduce at least ten new trades which are in demand, apart from the central government suggested ones.

Do you have any new and in



novative plans in the coming years?

One new thing I am planning to introduce is e-training. We are going to begin this very shortly. This is needed because it is not possible to take all of our programs to every nook and corner of this country. It is possible only through e-modules and e-learning. If we can do this enrolment will be very high as there is no problem with internet access. This year we will introduce 10 or 15 trades and in future expanding the quality in training and number of trades. I visualise to make these course materials available online for the learners. This proposal was mooted by me and the Ministry appreciated the idea and gave a nod for implementation. We have already uploaded demos on our website as a first stage and the commercialisation is yet to be started. This is one of the novel things I want to introduce this year. Mushroom cultivation, open office, interior designing, animation, cosmetology, repairing of motors and electrical gadgets are the trades which we are introducing. The fee will be very nominal around Rs 500.

Skill development is the catch word in the present days. How do you view skill development in our country compared to other industrialised countries?

The difference between the developed countries and countries like India is very glaring. In Germany and Australia plumbers are respected, whereas in our country they are looked down. It is be-

- Assisted the Tanzanian Government in Establishing SIDO (1974)
- B2B Transactions with Uganda, Namibia, South Africa, Bhutan, Nigeria, Sudan, Cameroon and Ghana (2000-2007)
- International Programmes for Bank of Ghana (2006 – 08);
- All-time record of 28 international Executive Development Programmes; five of them specially for African Countries (2007-08)
- Outreach programme for African women executives as a forerunner to India – Africa Forum Summit (2008)
- International Programmes for Bangladesh Small & Cottage Industries Corporation (BSCIC) (2008-09)

cause there are doctoral courses in plumbing. Skill development initiatives in those countries are at multi-levels. They have courses from level one to ten. Those who cross fifth level are treated as white-collared workers and respected. Similar is the case with other trades, electrician, welder, fitter and all technical trades. There is a long way to reach those levels for us in our country. It's a good thing that awareness about skill is increasing in our society.

In the context of 'Skill India' and 'Make in India' what role nimsme is expected to play?

Undoubtedly institutions like ours have a much higher role than what it was in the context of Skill India, Make in India and Digital India slogans of the central government. Incubation centres are going to play an important role in the next three-four years to make Skill India achievable. If we can establish incubation centres we can impart practical training and

d e v e l o p



skill. Ni-msme is also planning to start two or three incubation centres in the current financial year.

In the context of Make in India, we want to equip the students with not only technical training but also with innovative style and knowledge of support services. Not just certificate of one technical trade but also understanding on process of establishing a unit. This will help in establishing more and more companies.

Your institution carries studies on various aspects of industry. Can you share about any recent study which can make a difference in the present situation?

Apart from the skill development programs significant work is a study on reorganising District Industries Centres (DICs) in our country. Secretary of MSME was enthusiastic and wholeheartedly supported

RESEARCH AND STUDIES

- Case Studies and Video Documentaries on S&T Entrepreneurs (1986)
- Development of First Computerised Software Package on Simulation Exercises for Small Industry Management (SIMSIM) (1987)
- Project Appraisal and Evaluation (CAPE) (1996)
- National workshop on MSME Cluster Development conducted in New Delhi (2008)

our proposal when we first discussed about the condition of DICs. We completed our study in the state of Odisha. If this Study is analysed and the proposals implemented there would be a great change in the situation of DICs. Reorganising of DICs and making them effective in functioning and turning them into entrepreneur-friendly is the aim of this study. We completed and submitted the study. If this study is approved and restructuring is done on those lines face of DICs will be changed in the country.

How does the institute coordinate and participate in preparing the official machinery for the growth of industry?

In coordination with apex in-

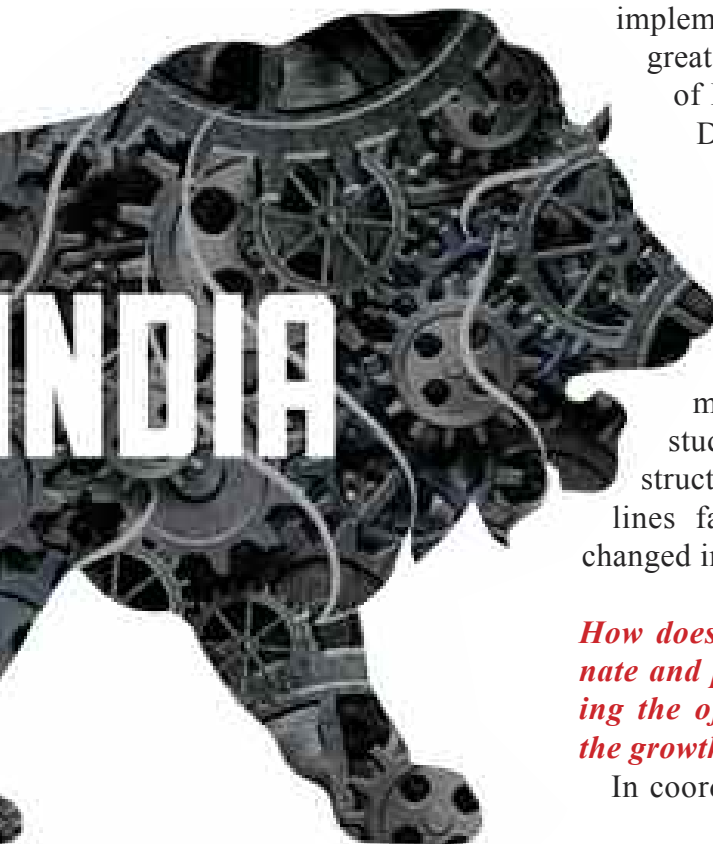
stitutions like National Academy of administration at Mussorie and National Police academy in Hyderabad, we work with top and vital echelons of bureaucracy. We are organising Induction Programmes for newly recruited Industry Promotion Officers in ten states. They are being trained on various basic aspects on industry. In the current year 2014-15 we have organised induction programmes for in six states of Kerala, Bihar, Uttar Pradesh, Odisha, Meghalaya and Madhya Pradesh. This is one of our best qualitative initiatives.

In 2014-15 we organised 700 programs independently apart from the programs of the ministry. These were because of the approach and persuasion we could establish with other departments and ministries.

How do you see the future of ni-msme?

I hope the year 2015-16 will be furthermore productive and fruitful year in terms of achievements for ni-msme both qualitatively, quantitatively and financially. Entire ni-msme machinery is geared up to take the challenges and fulfil the expectations of the ministry of MSME. Telangana and Andhra Pradesh governments are also very supportive to ni-msme and hope to serve the industrial sectors of these states.

The vision and contribution of my predecessors, dedication and commitment of our employees made this possible. Basically team work at ni-msme is our strength.





G R Akadas
Director
MSME Development Institute

Briefly take us through MSME-DI.

The Micro, Small & Medium Enterprises Development Institute (MSME-DI), Hyderabad has a rich history dating back to 1956. Initially SISI, the institute has come a long way, from the earlier role of merely controlling, it is now facilitating and advocating all schemes implemented either through the state government or banks for the MSME sector.

The institute has been functioning at Balanagar since 1981 and has over the last three decades assisting existing and prospective entrepreneurs by providing techno-managerial consultancy services and training in various areas.

MSME-DI, Hyderabad is also armed with MSME-DI Visakhapatnam and a MSME Testing Station, Sanatnagar that provides testing facilities in Mechanical, Chemical and Metallurgical fields and is under the administrative control of MSME-DI, Hyderabad.

Tell us about MSME-DI's efforts towards cluster development.

A lot of work is being done on cluster development. MSME-DI, Hyd is co-coordinating with NPC and Consultants to implement Lean programme in Fan cluster in Hyderabad and Rice mill cluster, Kurnool district. Recently the state government appointed AP Trade Promotion Corporation as the implementing agency for cluster development.

How is the response from the MSME sector to the testing station at Sanatnagar?

It is heartening to note that the testing station is on par with any other of its kind in the country and an added feather to its cap is it is self sufficient financially. The facility is flooded with requests from the industry. There are a lot of third party requests as well. Last year the earnings touched 80 lakh. The expertise is in the areas of physical testing, chemical analysis, etc. It provides consultancy services to MSEs on quality control and standardization procedures and systems testing to national and international standards, and provides third party assurance

for products and services from MSME sector on quality levels to major buyers like Government Departments, DGS&D, Railways, PSUs, Defence establishments, etc. The testing center has been upgraded with the addition of sophisticated testing equipment.

Tell us about the training programmes at MSME-DI.

The training programmes at MSME-DI have gained a lot of admiration not only from the industry but also from the society at large. Last year alone 429 training programmes were conducted with more than 23,788 people being benefitted. The Institute organizes Entrepreneurship cum Skill Development Programmes, Entrepreneurship Development Programmes, Management Development programmes and Skill Development Programmes, for promoting entrepreneurship.



V Sridhar Reddy Asst. Director(G&C) speaking at a entrepreneur development meeting

It is a year since you took charge. How has it been and what are the future plans?

The last year has been a hectic one. We have done reasonable well but one is never satisfied. We have a good team and infrastructure, Rs 80 lakh was spent on building renovation. We are planning a series of bar coding programmes and two programmes on Intellectual Property Rights are on the anvil. The institute has a rich tradition of facilitating the MSME sector and we need to keep improving. We have conducted awareness programmes across the state.



Entrepreneurs are our concern

Micro, Small and Medium Enterprises Development Institute (MSME-DI), Hyderabad is an important institution established by the Ministry of MSME, Government of India. Located in the industrial hub of Balanagar in Hyderabad, this institute offers a variety of services for the MSME sector and played a significant role in the erstwhile Andhra Pradesh and now in Telangana after reorganization of AP. Helping new entrepreneurs to realize their dreams of launching their own enterprise is also a cherished goal of this institute. In an exclusive interview, Arvind Patwari, Director MSME-DI of Hyderabad explains the goals, achievements of this institute and shared his views concerning to MSME sector.

Industrial View: First of all congratulations for the achievements and for playing a significant role for the development of MSME sector in united Andhra Pradesh and new states of Telangana and Andhra Pradesh. How do you rate the present scenario in MSME sector in Andhra Pradesh and Telangana?

Arvind Patwari: The Industry concentration is larger in Hyderabad and to some extent in Vijayawada and Visakhapatnam. The small scale industries located in Hyderabad area are performing better than the small scale industries, located in other areas. The present scenario of MSEs located in other area is not upto the mark as they do not have market to become supplier to large industries or PSUs nor they have their own products so that they can sell in the State and In India. They mainly cater to local requirements.

What are the objectives of MSME Development Institute, Hyderabad?

The main objective of MSME-DI, Hyderabad is to promote MSEs, in the States of Telangana and Andhra Pradesh in all aspects except financing. The financing part is taken care of our sister concern, i.e., SIDBI. The main activities involved in Promotion of MSEs are advising prospective entrepreneurs on the aspects of manufacturing process, marketing, selection of Machinery and running of the unit and various other aspects of enterprises. For existing industry, MSME-DI provides the marketing support through registration of NSIC (National Small Industries

Corporation) which is also our sister concern. The marketing support is mainly for government Purchase. We are also supporting Export Marketing through International Trade Fair participation. From time to time, we would be conducting Management Development Programmes (MDPs), various Awareness Programmes on international

What are the significant achievements of MSME-DI, Hyderabad?

MSME-DI, Hyderabad has conducted 2985 training programmes from 2006 to 2015 (March) and around 1,67,074 trainees have undergone training during this period. Approximately 8-9% of the trained people have started their own self-employment ventures in various



importance which would affect MSEs (Like World Trade Organisation(WTO), Ozone Depleting Substance, ISO-9000, Technical Programmes, etc. for the existing industries. Various incentives are provided to the MSMEs (For details, please visit our website: www.dcmisme.gov.in). We are also providing training to unemployed youth in various fields of self-employment.

fields. This office has been responsible for creating awareness on WTO, Ozone Depleting of Substance, Intellectual Property Rights, ISO-9000 and Bar Coding in MSME Sector. We have re-im-bursed ISO-9000 to 764 MSE units, so far. We have developed MSE Vendors to South Central Railway, Defence Organisations, PSUs, like BHEL, HAL, HPCL, etc. MSME Vendor-base in erst-while Andhra Pradesh was very

less, because of our NVDPs (National Vendor Development Programmes) the base has increased to 10%. Our trainees have become stalwarts.

How does MSME-DI help a new entrepreneur in starting a unit?

MSME-DI, Hyderabad will advise the prospective entrepreneurs on technology, selection of machinery, mak-

ing of Project Report and financing Schemes available with Banks and also advise on the procedure for registering their units as MSMEs.

itive so that the MSME units can face global competition. Awareness Programmes of NMCP Schemes have been organised by MSME-DIs all over the Country (Please visit our website: www.demsme.gov.in for NMCP Schemes). The Industrial Associations and MSME units have to come forward and take keen interest in adopting various schemes under

programmes are being organised by MSME-DIs on various SDPs for self-employment. It is already mentioned that 8% of the trained personnel have started their own enterprises.

Your institute catered the needs of the entrepreneurs in the united Andhra Pradesh and now two states of Telangana and Andhra Pradesh after re-organisation. What are the hurdles and issues yet to be resolved in the present situation?

Earlier in erstwhile Andhra Pradesh, there were two Institutes, viz., one in Hyderabad and the other one in Visakhapatnam. After bifurcation of the State, these two Institutes are headed by Directors. Hyderabad Institute is looking-after Telangana Region and Visakhapatnam Institute is looking-after residual AP. As of now, these two Institutes are not facing any hurdles in providing the services to the entrepreneurs.

Cluster Development Programme is supposed to be an important programme for enhancing productivity and competitiveness of MSMEs. How far is it successful in these two states?

The Cluster Development Programme has been implemented in erstwhile Andhra Pradesh. The implementation has just started in Telangana State as well as in Andhra Pradesh. It is too early to comment on the successful implementation of the programmes in these 2 States.

Likewise, what is the progress made and shortcomings to be addressed regarding Incubation Centres and Eco Systems?

The Incubation Schemes are implemented through reputed colleges in



ing of Project Report and financing Schemes available with Banks and also advise on the procedure for registering their units as MSMEs.

How far the National Manufacturing Competitiveness Programme of central government is successful in making MSMEs competent in the state?

Arvind Patwari: NMCP (National Manufacturing Competitive Programme) has been started by Ministry of MSME to make MSMEs competi-

tive so that the MSME units can face global competition. Awareness Programmes of NMCP Schemes have been organised by MSME-DIs all over the Country (Please visit our website: www.demsme.gov.in for NMCP Schemes). The Industrial Associations and MSME units have to come forward and take keen interest in adopting various schemes under

Training manpower and skill development based programmes to meet the industry's requirement is one of the priority areas of MSME-DI. How is it being implemented?

Training Programmes and SDPs (Skill Development Programmes) of MSME-DIs are for self-employment. Every year 100s of

the State and the applications for Incubation Scheme are called-upon through advertisement in the local Newspapers. The Industrial Units, Industrial Associations and student community can apply. The response from industries, student community and general public is not encouraging.

Marketing is a big challenge for MSMEs. How is your institute supporting entrepreneurs in this aspect? Some states do have Procurement Act but still not being implemented strictly. Here the states of Telangana and Andhra Pradesh did not even enact the law. What measures do you suggest to these two states?

Government of India, Ministry of MSME in particular has enacted an act of Public Procurement Policy under which the Central Govt. Departments, PSUs have to procure 20% of their requirements from MSEs. 20% of the Central Govt. and PSUs is a big market for MSEs. The same act can also be implemented by state governments and there is a request from our Ministry to all state governments to do so.

Power crisis is the biggest impediment for the growth of MSMEs in both AP and Telangana. What are the measures your institute took up to overcome this problem? What are the measures you suggest which has to be taken up by other government agencies which is beyond the purview of your institute?

Power is the big impediment for

the growth of MSMEs and the crisis is detrimental to MSMEs. To overcome this, our Ministry is offering a scheme under Cluster Programme to generate power through non-convention energy sources. The state governments should take steps to create infrastructure to generate power either from non-convention energy sources or conventional energy sources.

Delay payments are another big challenge MSMEs face. Often it is a major reason for sickness of the unit. What solutions do you suggest regarding this?

Our Ministry has enacted an Act under which delay payment issue will be addressed by respective Industries Commissioner of the State who has got judicial power in resolving the issue through Delay Payment Facilitation Centre, in the O/o, Commissioner of Industries. MSEs can present their case to Facilitation Centres to address their issue. MSEs are afraid of to resort to this as they think that they will lose the business with the PSUs and other Govt. departments.

The Industrial associations have to come-up with different solutions for this problem if the Delay Payment Act is not addressing their issues. One of the solutions provided by Associations and MSME-DI is that, the Public Sector Units and the Govt. Departments should issue a post-dated cheque to MSEs as soon as they receive the material in their premises. Once the stores are cleared in all respects, a letter should be issued to the concerned MSEs stating that the stores are cleared in all respects.

The clearance of the stores should also have guidelines with time limits and with clauses of "Deemed to be cleared or accepted". The MSEs should present the cheque to the Banks without waiting any further. If the cheque is bounced by the PSUs or government departments, serious action should be initiated against such department. Or another solution is that outstanding amount should be converted into a tradable commodity and can be traded in Stock Exchange.

You had previous experience of working in Gujarat state. What are the lessons from Vibrant Gujarat campaign other states has to learn? In terms of accountability of government how do you rate Gujarat? Another key role for the growth of MSME sector is of banking. Do you expect the same vibrancy in Telangana and Andhra Pradesh as both the state governments have launched new industrial policies?

The entire machinery of Gujarat Government is pro-active to industrialisation. The clearances for industries are provided at faster rate with due diligence care. The quality power is provided to industries throughout the year without interruption. The industrial estates are located in the adjoining State Highways and National Highways which will facilitate transporta-



tion. The industrial policies for MSMEs and other industries are attractive. Vibrant Gujarat is organised every alternative year show-casing the strength to attract investments in the State. Other States can replicate the same module.

District Industries centres which are supposed to play key role in the growth of industries in districts are in a very bad shape in both the states. What are the measures being taken to rectify the situation? And what are the suggestions you give?

There is a move by Government of India as well as state governments to bring innovation in the delivery of their services to MSMEs.

To comment at this stage will not be proper.

What is the organisational structure, work division of MSME-DI, Hyderabad and work style you adopt to develop MSME sector?

The working organisation structure of MSME-DI is trade-wise, i.e., MSME-DIs have Mechanical, Electrical, Electronics, Leather, Glass & Ceramics, Hosiery, Metallurgy, Metal Finishing, IMT (Industrial Management & Training), EI/PI (Economic Investigation/Production Index), etc. This organisation structure is going to be changed like Marketing, Technical, Financial, etc. which will be like an Industry. The issues of MSMEs

will be addressed by a particular Department. To develop MSME Sector in Telangana and Andhra Pradesh, I would be vigorously implementing NMCP Schemes and Cluster Development Programmes. The NMCP Schemes are covering all the aspects of the industry like Lean Manufacturing, Designs, IPRs, Bar Coding, ICI, Energy Conservation, Quality Certification Programmes, Marketing & Packaging. The Cluster Development Programme will take care of soft interventions, like developing Eco System, Capacity Building of the units and Hard Interventions, like establishing Common Training Facility Centre, Common Testing Facilities, Common Manufacturing Facility and Infrastructure Facilities, like Common Effluent Treatment Plant, Developing Industry Estate, etc.

As an institute funded and run by a central ministry how you co-ordinate and facilitate the schemes and thinking of both central and state governments?

I act as Liaison Officer between Central Ministry and state governments in implementing various schemes of Ministry of MSME.

As a participant in the RBI led SLIC meetings you are aware of the outcome of the meetings which is not much encouraging. What are your suggestions to make this exercise fruitful?

The objective of the SLIC Meeting is to be re-addressed in the present context. As these objectives are not addressing the issues of the MSMEs, mere discussions on statistics may not be helpful to MSMEs. Discussion on individual sick indus-

tries may also be made part of the objectives of this meeting.

Unfortunately, in spite of all big talk the industries department and other concerned departments do not have proper data of industries district-wise. Does MSME-DI have such data to monitor the growth of MSMEs in Andhra Pradesh and Telangana?

Earlier days registration of MSMEs was done manually. Hence, Record keeping and Data collection we not easier task. Now-a-days, all the state governments are adopting computerisation methods and the registration is happening online. Ministry of MSME is trying to link-up to all state governments and collect the data of the industries registered.

There are many associations working for MSMEs. How your institute coordinate with them to give them orientation? What are the specific schemes in this regard?

MSME-DI, Hyderabad claims active participation of the Industry Associations to implement various schemes. This Institute is already organising programmes through Associations. There has to be tremendous improvement in the interaction between MSME-DI and Associations. I rather appeal to all Associations to come-forward to take advantage of the schemes. MSME-DI, Hyderabad will be always ready to support them.

Thank you for sharing your valuable conceptual understanding and information and with our readers.





SAVING SICK UNIT, a two-way process

C Doraswamy, General Manager of Andhra Bank and convener of State Level Bankers Committee (SLBC) and Empowered Committee (EC) of RBI, speaks on issues bothering entrepreneurs for a long time. Harmony between the banker and the entrepreneur is crucial for both the bank and the borrower, he says



Financing and recovery is always a concern area for both banks and beneficiaries. How do you see this contradiction and what is your bank's approach in resolving this?

There is no contradiction. It is two way problem. Entrepreneur has to find out a viable project basing on availability of raw materials, man power other infrastructure, marketing facilities. An entrepreneur with all these inputs, proper educational qualifications and little margin money, coordination with the industry department will be approaching bank. Banker always looks for a prospective borrower with economically viable industrial unit; it can be micro, small, medium or large.



Now with the relaxed guidelines for bankers under Credit Guarantee scheme, up to Rs 1 crore collateral security, is financed. Banker should get confidence on the entrepreneurial capacities of the borrower, margin and secondary collateral or without collateral under Credit Guarantee scheme. Field inspections, backward and forward linkages, good project report for the successful running or cash flows for the future are other aspects banker looks into. Then only processing for finance will begin.

Both the banker and borrower meticulously

follow the time line. Entrepreneur should ensure that commercial production starts according to the stipulated time line. If there is a gap in this the project will get hit and ultimately that industry suffers. Banker also should look into the requirements and support the entrepreneur, of course only on the financial side. Other infrastructural structures and administrative issues have to be taken care of the entrepreneur in co-ordination with the other agencies.

Bankers have the duty of not only finance other moral support but also providing moral support. If the unit fails, over dues pile-up, resulting in NPA and penal interests and finally kills the unit.

According to CGTMSE banks can grant loans up to Rs. 1 crore. Can you share Andhra Bank's approach, status and proposals regarding this?

This CGTMSE scheme was there since 2006 or so, with Grameena Banks as Member Lending Institutions (MLIs). Now from the past three years the coverage of the unit up to Rs 1 crore or small investors is happening. Ambitiously we will be projecting but the performance is very low. Last year targets were very high, but this year it is realistic.

Coverage of CGTMSE is where the entrepreneur does not have collateral security. If the entrepreneur has security if he is covered under this will be a burden on him because bankers will charge entry fee, annual fee to the extent of 3% or so. So the message has gone to the bankers that wherever the entrepreneur does not have collateral security, they have to be covered under CGTMSE.

It is happening, of course not on the expected levels. Banks declared the MSME year declared to include bearing credit guarantee fee according to the particular bank's policy to lessen the burden of the entrepreneur. Situation will improve if the sensitization at the bank level is done, more awareness of the entrepreneurs about the scheme and the cooperation of the government departments like KVIC, DIC etc.



There is a general opinion arrived at, in RBI forums that, banks are not showing interest in granting loans under CGTMSE. Bank Managers at lower level are not coming forth to give loans. Is it because of the problems involved in recovery?

There are certain steps need to be followed by banks whenever the unit fails and the overdue or NPA the banker has to claim the recovery from the Credit Guarantee Fund Corporation. For that there are prerequisites, like serving the notice and filing suit against borrower. Before that also on time remittance of premium has to be done.

Bankers should meticulously follow it. Otherwise if the unit is failed on account of these failure, claim from the credit guarantee fund. In case of failing in all these, branch manager will be held responsible. This should be registered with the banker. Like the time taken for the success of education loans, this CGTMSE, will be successful after some time.

About the data provided by banks, you can find on the respective banks' websites the coverage under CGTSME scheme, year-wise. It shows that the coverage under this scheme is slowly increasing. There is some discrepancies in different states, if we compare with Tamil Nadu, the performance is poor in AP and Tamil Nadu. Wherever land records and property documents are well maintained coverage under this scheme is more.

Some banks say that 50% of the loans are not recovered. Is it true? What is to be done to come out of this situation?

In the previous meetings of SLBC and EC for the past two three years, we have discussed about impor-



tant factors for the survival of MSMEs like power and raw material. Banker can finance but cannot provide other things. When there is no support from other agencies and government organisations it will hit the unit. Then the ability of the unit and viability of the unit has to be looked into of bringing more money to continue the unit to function and rescheduling and restructuring of the loan.

This depends on the approach and interest of the entrepreneur couple with the interest of the banker to rehabilitate. The entrepreneur should approach the



banker in time in case of failure in remittance and inform and banker should be made understand the situation. If he approaches lately at the time of declaring NPA or just before, if the branch manager is also willing to help, guidelines does not permit to help the unit.

Once the account is identified as NPA, the banker will be suffering the loss, apart from the entrepreneur. In small accounts the branch managers do not have the power to restructure the loan. It has to be done at a higher level and the entrepreneur has to be very patient get the things done. At the same time the banker has to be proactive to help and see the micro unit survive. This is a two-way process.

RBI rules say that a unit shall be declared as NPA within 90 days in the case of defaulting payments leading to stress on banks. As a result banks are implementing Surfaesi Act without giving a breathing space to the entrepreneur. This situation is driving away first generation entrepreneurs from starting new industries or ventures. As bankers are accountable for recovery, Managers from Scale I to Scale VI are under duress. What should be done for resolving this issue?

Ninety-day period for industry is made with a reason. Entrepreneur should know well about the level of activity, level of income generation, installment part, stock statement, outstanding balance amount and everything. If the entrepreneur knows the perspective of the bank in giving the loan, how the bank judges his unit as a good unit, him as a good entrepreneur and a good account, from the beginning should have a dialogue with the banker.

If any problem comes ninety days is a good time to solve. Banks are serving notices after one month when there is overdue, and then only notices are sent. It is the responsibility of the entrepreneur to approach the bank in time for restructuring or finding remedial measures. As bankers are dealing with public money they are accountable. As banker has a stake of 80% in the unit they have to follow-up regularly. In future to monthly, bi-monthly streamlining the accounts will be done.

Banker has to look into restructuring or anything before or after declaring NPA the profit of the bank. Application of the policies and by looking into ground realities it is to be dealt case to case at the branch level.

Regarding restructuring and rehabilitation of NPAs what should be the measures? Especially in the erstwhile state of Andhra Pradesh and present states of AP and Telangana power crisis is the major villain for about 80% of the units running with mere 50% of operating capacity. How your bank is helping rehabilitation of such units?

Rehabilitation as I have earlier told whenever the unit is showing the signs of sickness bankers should be made aware of it within 90 days and should be done. But practically, non-approach of the entrepreneur and non-response of the banker is a reason for this situation.

Having invested the banker should take care and as the owner of the unit the entrepreneur has to be responsible. Even after identification of insipid sickness it has to be found out whether the running of the unit is viable or not. This exercise has to be done by the bank. But it is not happening on expected lines. This delay is resulting in chronic overdue. Another thing is by taking genuine issues like erratic power supply, problem of transport and raw materials, the banker also should look how far they can extend.

Entrepreneur should be made aware by the bankers and government agencies about the norms of NPA as we are dealing with the public money. Coming to the NPA it is the prudential norms to be on par with the international standards. Relaxation of norms will be good for case to case, for certain industry or for certain geographical location.

RBI guidelines states that guarantors are designated as wilful defaulters if the original beneficiary is not repaying the loans. Many industry bodies are opposing this as this rule drives away the guarantors. What is your view?

In banking norms, any one offers to be a guarantor; it is treated as personal guarantee also as the bank want security for the loan. Depending of the history, maintaining of the account, the banker may consider the case of guarantor also basing on the merit.

What are the measures taken by Andhra Bank, SLBC to prevent NPAs, and the measures taken after declaring a unit NPA?

To prevent NPA close follow up and monitoring


of the unit and accounts are the available options with the bank. From the day of disbursement monitoring of utilization of money is required. The banks have to observe including the equity of the borrower and whether the timeline of the project is being maintained. Close follow of the accounts and inspections certainly help in preventing NPAs.

After declaring NPAs we issue the notices under Surfaesi Act for immovable property to the principle borrower and guarantor and also if there is a third party guarantee. Taking possession of assets and disposal of assets is done transparently. For everything



there is stipulated time, to a maximum 180 days. Actions will follow as per the procedures whether it is banker or the entrepreneur.

Method of account transfer by bankers without the knowledge of the account holder is another problem many entrepreneurs are facing. This is leading to cheque bounces and loss of credibility. How can you resolve this to help the entrepreneur?



As soon as the account is becoming overdue, bankers take steps to see that the account will not become NPA, in the interest of the unit. After a prolonged persuasion also if the borrower does not respond to save the account and the bank, the banker will resort to transferring the account. The entrepreneur should cooperate with the banker by seeing the funds are not completely drained.

This is not the mechanical aspect but a human aspect where the entrepreneur should work for this with the help of the banker. I do not deny that there are no cases where banks went wrong, but generally after persuasion only this will be done. Bankers should inform the account holder about the debit when it is done without the latter's knowledge.

As convener of SLBC what were your experiences and views about the banks obliging and implementing the recommendations of SLBC and SLHC?

As the Convener of SLBC what I have noticed is that this is the forum where the grievances of entrepreneurs can be addressed especially for the rehabilitation of the units and not for any compromises or settlements. Settlements and compromises have to be done at the particular bank's level only and not by the other agency in between.

At the same time, cases are referred with more sensitization of the entrepreneurs to approach this forum. To be more specific in the last six months, there is an increase of number of cases referred to this forum and resolution of the cases referred. Sensitization is a must and the bankers also must come prepared to take pro-active decisions and take up the unit basing on the merits. The persons representing the banks in the forum should be competent to take and implement the decisions.



Malkapur Park gets Rs 2 crore sanction

Subsequent to the report in Industrial View magazine and representation by FSME-AP, the central as well as state government sanction funds for the revival of the textile park

In the inaugural issue of Industrial View in June, an article titled ‘**Malkapur Textile Park crying for attention**’ was featured where a detailed report on the state of the park was reported. It was followed by a representation by Federation of Small Medium Enterprises Andhra Pradesh (FSME-AP) to the central and state government to revive the park.

In a meeting held recently in Hyderabad, G Biksham, President, Malkapur Textile Park, N K D Prasad, Secretary, representatives of FSME-AP and other government officials briefed the Union minister for Handloom and Textiles, Rayapadu Sambasiva Rao, state minister for Handloom and Textiles, G Prasad Kumar about the state of affairs of the park.

Lack of infrastructure, training and government apathy reduced the park to a near abandoned state. But based on the report in Industrial View and subsequent effort of FSME-AP, the state government woke up and sanctioned Rs 2 crore for the revival of the park.

Union minister for Handloom and Textiles, Rayapadu Sambasiva Rao promised full support for the park after the state minister for Handloom and Textiles, G Prasad Kumar sanctioned Rs 2 crore. The central minister said that the centre would bear the extra cost.

A separate committee would be making a visit to Malkapur soon to make an in-depth study and submit a report.



Rs 2 crore sanctioned for Autonagar Park, Nellore

Post the publication of an article ‘**Nellore autonagar Industrial Park loses gear**’ in Industrial View and representation by FSME-AP, Autonagar Park in Nellore received a Rs 2 crore sanction from Andhra Pradesh Industrial Infrastructure Corporation (APIIC).

Entrepreneurs at the Autonagar Park have been left to fend for themselves without proper roads, buildings, water and power. Many set up make shift tents and are running business inside the park. Industrial View reported on the sad plight of the entrepreneurs. It later took up the cause and made a representation to APIIC and submitted a report.

In a welcome move, APIIC sanctioned Rs 2 crore, out of which Rs 1 crore has been granted. It has to be mentioned that the new MD Jayesh Ranjan took immediate action.

Entrepreneurs hail the decision
The entrepreneurs at Nellore Autonagar have hailed the decision and said that it is an unprecedented move from APIIC. In the past ten years, several representations were made but to no avail. Sudeer, an entrepreneur said, “We have hope that the park will get a new lease of life. There is a great need to improve infrastructure inside the park.”



We are for MSMEs

Syndicate Bank always stood for the wellbeing of MSME sector by introducing various schemes benefitting micro, small and medium entrepreneurs from different social groups and sections. Mohan Reddy, General Manager, Syndicate Bank at Hyderabad, shared many aspects of banking related to MSME sector, with Industrial View in an exclusive interview

Industrial View: First of all we wish to thank you for the support provided by Syndicate Bank to the MSME sector. In the times when majority of banks focus on rural finance for agriculture and horticulture your bank extended support to MSMEs. Your schemes like Synd-Mahila support deserving sections like women, Greetings and wishes from Industrial View and its readers on New Year and wishes you to break new grounds in banking sector.

Government of India is encouraging financial institutions to finance MSME sector. Syndicate Bank always supported such measures. What are the schemes of Syndicate Bank in this direction? How many got benefited?

Syndicate Bank is in forefront in assisting MSME sector for quite long time. Since October 2013 Bank has come out with lot of sector specific schemes covering the various MSME activities. Special campaigns were also run to take the



विश्वसनीय.
पेत्रीपूर्ण
Faithful.
Friendly



सिंडिकेटबैंक SyndicateBank

भारत सरकार का उपक्रम A Govt. of India Undertaking

schemes forward. Bank has conducted camps at all the district headquarters in both Telangana and Andhra Pradesh. Bank has come out specific schemes for Doctors, Traders, Transport operators, Marble industry, Cashew Industry, contractors, women entrepreneurs, Hoteliers, Jewelers, timber merchants and so on. Under all these schemes processing and documentation charges to the tune of 50% are waived up to certain time and amount.

Financing and recovery is always a concern area for both banks and beneficiaries. How do you see this contradiction and what is your bank's approach in resolving this?

Recovery is an issue not only for MSME but also in other sectors. While the selection of the borrower and appraisal of the proposal play an important role in recovery aspect Bank always adopted positive approach accommodating the borrower interest and the government guidelines in respect of MSME advances from time to time.

According to CGTMSE banks can grant loans up to Rs. 1 crore. Can you share Syndicate Bank's approach, status and proposals regarding this?

Bank has given clear guidelines in respect of CGTMSE scheme and educating the branch managers from time to time and bank is committed to implement CGTMSE scheme in letter and spirit.

There is a general opinion arrived at, in RBI forums that, banks are not showing interest in granting loans under CGTMSE. Bank Managers at lower level are not coming forth to give loans. Is it because of the problems involved in recovery? Some banks say that 50% of the loans are not recovered. Is it true? What is to be done to come out of this situation?

Recovery is the function of several factors and collateral alone guarantee recovery. With the awareness about CGTMSE scheme growing there is tendency to cover more and more proposals

under CGTMSE. As stated elsewhere things are improving lot and banks are utilizing the CGTMSE scheme.

RBI rules say that a unit shall be declared as NPA within 90 days in the case of defaulting payments leading to stress on banks. As a result banks are implementing Sarfaesi Act without giving a breathing space to the entrepreneur. This situation is driving away first generation entrepreneurs from starting new industries or ventures. As bankers are accountable for recovery, Managers from Scale I to Scale VI are under duress. What should be done for resolving this issue?

Prudential guidelines does not discriminate MSME accounts from other type of accounts. However banks are providing all the assistance and hand holding them in case of early stress wherever borrowers approach the branches in time. No bank would like to declare the accounts as NPA as the same will hit the bank also very badly.



Regarding restructuring and rehabilitation of NPAs what should be the measures? Especially in the erstwhile state of Andhra Pradesh and present states of AP and Telangana power crisis is the major villain for about 80% of the units running with mere 50% of operating capacity. How your bank is helping such units and how many how many sick units rehabilitated through your bank?

Restructuring can be done once during the lifetime of account. Branches while sanctioning the loan itself will provide enough cushion to the borrower depending upon the activity. Any time the borrower feels he require some more time he can approach the branch and explain the issue with the branch manager and sort out the issues. Even the account turns to NPA banks can still restructure

and nurture the account and account can be made performing after one year.

What are the methods Syndicate Bank adopts in classifying non-wilful and wilful defaulters?

Syndicate Bank like any other bank follows the RBI guidelines issued from time to time in this regard. Enough opportunities will be provided to the borrower before declaring somebody as wilful defaulter.

RBI guidelines states that guarantors be designated as wilful defaulters if the original beneficiary is not repaying the loans. Many industry bodies are opposing this as this rule drives away the guarantors. What is your view?

Every Bank has to follow the

directions of the RBI being our regulator. It's the duty of the guarantor to prevail upon the borrower to regularize the accounts. Willful defaulter is one who has the means to pay but not doing so.

What are the measures taken by Syndicate Bank to prevent NPAs, and the measures taken after declaring a unit NPA?

We have robust follow-up and recovery mechanism where in the follow up starts at an early stage and rapport is maintained with the borrower to take all preventive measures including restructuring if required.

For any industry to get into profit mode it will take at least three years. All the project reports say this. Keeping this in mind, there is an opinion from entrepreneur

