

Industrial View

First and only platform for MSMEs

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FSME-AP



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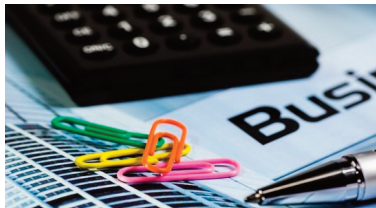
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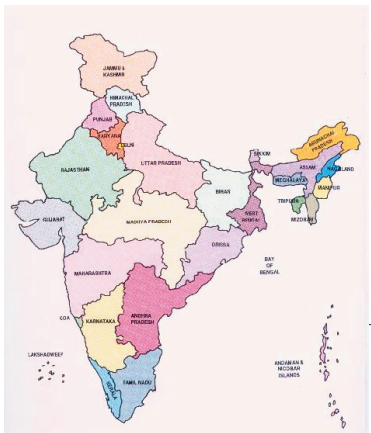
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The jurisdiction of court cases pertaining to the items published in Industrial View will only be Hyderabad (the place of its publication). Cases of other jurisdictions will not be entertained.

- Editor

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EDITOR : ARANI PRASANTH KUMAR REDDY



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



APK Reddy, President, FSME-AP, was being felicitated by Kothagudem. Chamber of Commerce, on their new committee swearing in ceremony in Kothagudem, Khammam District on October 6, 2013.

Launch of Industrial View

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

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

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



APK Reddy

SMALL UNITS NEED A HELPING HAND

This is the darkest ever phase of industries in Andhra Pradesh. There are many reasons, but Finance, Power problems are the main factors for the present situation.

In Andhra Pradesh, industry is trying to figure out how to manage with just four days of power a week. A three-day a week power holiday for industrial units began this week to cope with the huge gap in demand and supply that has been exacerbated over the last few months.

The government says that this is an unprecedented crisis caused by not enough water in reservoirs because of erratic rainfall that hit hydel production and poor gas supply that snuffed the gas-based power plants.

Many of the small-scale units have said they are worried about going out of business if the power crisis continues.

Already from last few months 72 SMEs are been closed per day due to power crisis. Financial problems are also the main problem for this worst phase.

SMEs in the state employing about 4 lakh workers and 3 crore people are directly and in-directly depend on this sector. The total money invested is about 1,50,000 crores. That includes Rs 23,000 crores from industry and the rest are loans from banks. It's all going waste and without power, we will all become non-performing assets, NPAs, within three months.

Banks are also playing role in the shutting down of the sector.

They have not been implementing the suggestions made by SLIIC meeting (held quarterly at

RBI regional office).

The 12 days in a month power holiday will force all the manufacturing concerns to shut their factories. It would not be possible to run them in such a power-less situation. The other option is to step out and set up units in other States.

The situation is alarming and serious steps need to be taken, as an estimated daily revenue loss of 300 crore rupees is being incurred. That would lead to closure of industries and job-loss.

All this is happening because of the state government's lack of accountability.

On the other hand, the Ministers and Bureaucrats, who helped the industrial sectors are been sent to jails.

That is not a fair practice. The Central Bureau of Investigation (CBI) has initiated the process of clean, that is OK but putting them into jail will send wrong signals to entrepreneurs those who want to invest in the state.

See the deals were done by the Ministers or Bureaucrats found wrong, you just cancel the deal.

The insecurity of the bureaucrats is also impacts the industrial sector.

We are sincere request to the state and central governments to amend the industrial policy according to the needs of the Small and Medium Scale Enterprises and also the major power industries.

There are risk management departments in major industries which can take care of such situations and helps in smooth running of the industry. Whereas, SMEs can not bear it (to form a risk management group).

Only government can save them by looking into their problems.



Banking Options for SMEs

Innovative, exclusive funding related
services offered for Indian SMEs

One of the most tedious tasks for SMEs is to receive timely finance at agreeable conditions. More often than not, due to lack of credible sources or even their unwillingness, most SMEs, procure their funding requirements from private lenders, friends or family. Major factors that reduce access to credit for SMEs are transaction costs and credit unworthiness. In an interaction with SMEntrepreneur, Praveen Kutty, Executive Vice President and Head Retail & SME Banking, DCB (Development Credit Bank), talks about bank's innovative and exclusive funding and related services offered for Indian SMEs.

How many branches do you have across India?

We have 100 branches across India. Majority of our branches are in the West-Maharashtra, Gujarat and Andhra Pradesh. Over the last one year, we are growing significantly in the north and south.

What are the products that you deliver exclusively to SMEs?

For SMEs, we are a single-stop shop. If you are an SME customer, we take care of all your needs whether it is surplus or deficit, whether it is personal or corporate. We have SME customers who are cash starved, we give them the wealth, we have SME customers who expanding, we provide them solutions in terms of lending, we also give insurance facility for the coverage of their goods, warehouses and plant. On the one hand, we cover surplus money management and deficit funding on the other. We give risk coverage through insurance. Also, if you are a distributor and if you have check collection and payment points across India, then we also take care of cash management services for the customer as well.

What are the advantages that a small/medium en-

trepreneur will have if he/she reaches out to DCB?

Our flexibility makes SMEs to knock our doors. We have a good understanding of customer's cash flow and what the future cash flow would be. We are flexible enough to structure the facilities in a way such that it meets customers' requirements. We also provide for exigencies of business. Hence, it is flexible in terms of structuring and in terms of service.

What were the major reasons for putting a halt in offering personal loans and focus further on SMEs as an outcome?

The bank took a conscious strategy in 2008 to exit personal loans. The whole focus was built on four factors: (a) diversified assets; (b) loans that have variable interest rate; (c) secured leading; and (d) sourcing through branches. We tool a conscious call in taking all these four pillars into consideration. At the strategic level, we took a decision to exit all kind of unsecured loans. It is not like this decision was related to our increased focus on SMEs, the two are mutually exclusive. The decision to exit personal loans has got nothing to do with our focus on SMEs.

Our process of acquiring SME and MSME customers is stringent. We primarily focus on the indus-



Facilities tailored for Indian SMEs

Lending Solutions

Insurance coverage for goods, warehouses and plant

Surplus money management

Deficit funding

Cash management services

States with maximum no. of branches: Gujarat, Andhra Pradesh, Maharashtra

Exclusive service for SMEs: 1hr sanctioning programme.

No. of Branches across India 100

try that the SME belongs to and the growth that industry is going through.

Which, according to you are the most proliferating SME regions of our country? How do you reach out to them?

We have 19 branches in Gujarat, which is fairly large and a growing area. Gujarat is followed by Tamil Nadu. We also see huge potential in Punjab, where we have perceived considerable growth and have just launched a new branch in Ludhiana. We got entry into locknow recently with a new branch. DCB has presence in all areas where MSME and SME business have the potential to grow. We have a very robust process of increasing our customer base. We build our SME customers through vendor supply chain. Then there is branch sourcing where the customers come in as account holders, and over a period of time they become asset customers.

Are you sure that providing loans for SMEs will not lead DCB into a stressful phase in the coming years?

The times are tough, and it has its repercussions across, but we are very selective in choosing the segments that we lend to. DCB has a very robust Credit Underwriting Unit. Our employees make a lot of effort to procure information about our customers.

So any occurrence of issues in the customer account gets informed at a very early stage. This enables the bank to take quick remedial action. The management team also drives this discipline. To sum up, our process of acquiring SME and MSME customers is stringent.

We primarily focus on the industry that the SME belongs to and the growth that industry is going through. Next is the geographical position of the SME. Our focus is on the network of our branches, and we also look at the ticket size. We look at loans that are in the Rs-10 crore limit.

What are the key aptitudes that you encourage in your team dealing with the SME sector?

Knowing customer credibly not just at the time of getting a new customer, but all through the customer's banking relationship. It is very important to understand the customers and his industry, understand the customer's cash flow and business. Once this is achieved, it is easy to give right solutions to your customers.

Do you have any special service for SME sector?

For an SME, DCB Bank has one hour sanctioning programme. Our customer can walk into the bank and within one hour can get a decision within one hour.

Making SMEs Buying Big!

As we know SMEs suffer due to rise in raw material pieces, lack of options in materials to be purchased, escalating production and operation costs, expensive bank finance and labour shortage. Weakened demand and increased competition have further exacerbated the situation. With their bulk buying services, along with institutions like NSIC, a few private enterprises have come on the scene to support SMEs to overcome these challenges and compete on an equal footing with large enterprises. These enterprises operate with the long-term vision of empowering SMEs both at an individual as well as at an organizational level.

Power2SME – Buying Club for SMEs

Power2SME is India's first of its kind "Buying Club" for SMEs in India. The business model is a combination of both online and offline models, wherein the company provides a platform to obtain the best pricing for SMEs' procurement needs, door-step delivery, online tracking of orders and flexible payment options. Match-Making Buyers and Sellers Founded by R Narayan, Power2SME's services go beyond match-making, which is the focus of the majority of the current online business websites for the SME sec-



tor. "We procure directly from the manufacturers, taking title of the goods and then sell directly to end consumer organizations. We take complete ownership of the entire order process for the customers, right from ensuring a quality supplier pool, best possible prices, and flexible payment options to ensuring door step delivery of the order. We supply inks, steel, polymers, paints and chemicals, and additives to SMEs, procuring these in bulk from manufacturers,"



says Narayan, Founder & CEO, Power2SME, on being questioned about the operation process of this unique buying club dedicated solely towards SMEs. Power2SME has a registered base of more than 13,000 SMEs on the portal.

What do SMEs Gain?

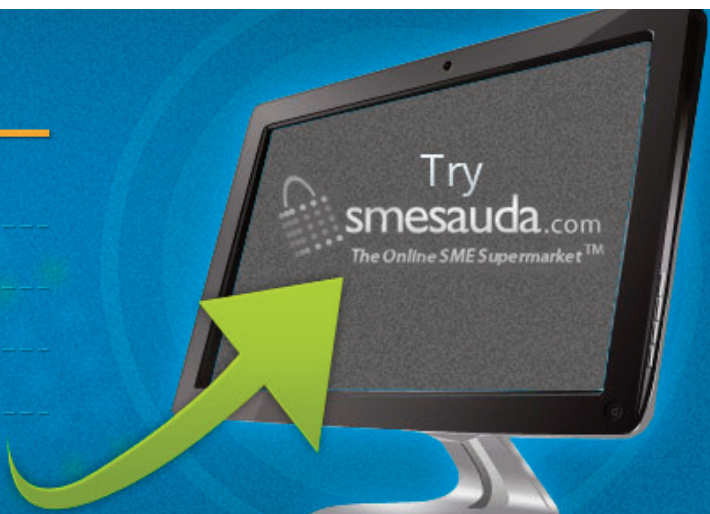
SMEs stand to benefit potentially via this unique venture, research shown that an SME in India, on an average, spends about 75 per cent of its total expenditure on raw materials. The raw material supply is the most critical for an SME to make its business running. Power2SME is operating in this core space of the SME business. SMEs today are Internet-savvy and accessing the Internet for their business requirements. Power2SME provides a simple online platform for their purchase requirements. Over their years of operations, it has been able to increase profit margin of registered SMEs by 3-5 per cent in a month.

SMEs are always operating on low margins and do not have enough capital to spend on R&D. The extra money SMEs generate after dealing with Power2SME can be utilized in R&D and driving sales and marketing initiatives.

SMEs face cash flow problems that hinder their business. Power2SME also helps SMEs to raise capital from banks. Narayan says, "We work closely with the banks, educate them about SME requirements and convince them to lend to the SME community. Banks that are usually wary of advances to SMEs are now warming up to them."

Are you Tired of

- Calling Multiple Vendors for Quotations
- Unreliable Vendors
- High Prices
- Limited Variety
- Lack of Guidance in Buying Process



Authentication Process

Power2SME provides a 24*7 online platform that can be accessed without any charges. However, Power2SME follows a strict process to authenticate the identity of an SME. They take numerous details as a part of their 'Know Your Customer's process.

What do Suppliers Gain?

Power2SME creates a win-win situation for both suppliers and venture itself by placing bulk orders to large suppliers. They purchase raw materials from suppliers in bulk and sell them in small quantities to SMEs, keeping a margin. We ensure a lower sales cost as it offers a gamut of products from a particular supplier under one roof. Since it is an online marketplace, the reach is global in nature. Hence, the supplier can reap the benefits of customers across cities without being physically present, when it associates with Power2SME.

Expansion Plans

Association) for fostering co-operation and promotion of SMEs in Uttar Pradesh. It plans to set up "SME Transformation Camps", which will help SMEs in transforming their businesses through R&D and better use of technology. "Today, our monthly revenues are around \$1 million. We expect the company to do a business of Rs 125 crore in the next one year. We needed the last fiscal year at Rs 20 crore. We are aiming at becoming a \$1-billion company in terms of Gross Merchandise Volume (GMV) in the

next five years," says Narayan.

SMEsauda - First Online SME Supermarket

Standing in the same space but with a difference is Smesauda. The difference lies in the supplies that it delivers to SMEs. The company does not supply raw materials. Its focus is on developing the industrial products and supplies range. Smesauda is playing a specific role as an enabler of faster, cheaper and more efficient buying process for SMEs. It is aiming to create the channel level SME brand characterized by uniform pricing, wide range and assisted buying by experts - a complete professionalizing of the buying experience. This helps SMEs buy cheaper, faster and more optimally. Smesauda is driven by the vision to create "First Online SME Supermarket". It is currently focused on office equipments, IT and industrial products and supplies. Currently, it has a membership base of close to 30,000.

What Makes SMEs Come to Smesauda?

A number of factors make Smesauda stand on a platform higher than other existing models that deals with bulk buying. A key component is that Smesauda uses the power of Internet to drive aggregation of demand. "A lot of vendor research and product search is happening online particularly in Tier I and II cities. It is not getting converted to aggregation of demand as there have been no online business models offer-

ing that till now. At Smesauda, we have been pleasantly surprised and motivated by the wide geographical spread of our customers-both small and medium sized. Our robust membership growth, order velocity and revenue growth further validates our belief in this model,” says Priyankar Baid, Founder, Smesauda. Finally, the online activities of Smesauda get complemented by offline brand building and awareness generation activities. This ensures SMEs to trust the brand and do their purchase dealing as per their requirements.

On being asked about the authentication process through which they select an SME, Baid replies, “Our authentication procedure is based on company name of the buyer and a secondary search on the company. As we develop the model further, PAN/TIN number based identification will become mandatory.”

Down five years, Baid envisions towards leveraging innovative offline concepts to complement online growth. He also intends to use franchise model to ex-



pand their reach. “In fact, we get many franchise enquiries on a regular basis. The other change in the model will be using mobile in a big way to reach customers. The rates of both mobile growth and access

of Internet over mobile exceeds conventional Internet growth,” says Baid.

Medimanager-one stop destination for group health insurance policies for SMEs



Another player in the healthcare space is Medimanager. It is the first and only dedicated health insurance broking company in India. The company focuses to be the Client’s advisor/consultant/partner in customizing health benefits for employees by offering a 360 degree perspective.

Why Insuring Health a Necessity for SMEs?

It is observed that most MNCs and large organizations with a high employee count receive group insurance from insurance companies at discounted rates. SMEs with a head count of 50-5,000 do not receive this benefit due to their limited number of talents. What Med manager does is to target all these SMEs and provide them group med claim/health insurance at the same rate as the insurance company offers to large enterprises.

Employee retention gets difficult for those SMEs that do not provide health insurance. This is simply because employees do not get inclined to work for an organization that does not support them in up-keeping their health and covering risks. With hospital bills skyrocketing, employees find it extremely difficult to undergo the risk of wiping off their entire savings in paying off their bills. Med manager helps in curtailing such risks for SMEs by acting as the middle man in securing a health insurance plan. Currently, it has 200 SMEs registered on its portal.

Plans in Operation

Presently, it operates under two plans The Techie Health Plan through NASSCOM for D and the ERA Health Plan through Employers Recruiter Association for Recruiting Agencies. The company is looking for Technology and Digital Media marketing companies to partner with them to spread such initiative/s to many other groups.



Expansion Plans

NASSCOM®

With a growth rate of 25% Purandar Bhavani, CEO, Medimanager, wants to consolidate their presence in six cities in India over the next couple of years, expand the sales force in these cities, build synergies, revamp their technological platform and make it comprehensive, create a “pull” factor through customization and offer products and services that are individualistic.

Standing a Class Apart

Due to extreme fragmentation of the customer and supplier bases, the web-based model of these SME enabling businesses enhance its reach or accessibility. One just needs to go online, fill up the adequate information and immediately receive a confirmation on the services being asked for. Once the initial level of registration gets cleared online, individual account managers are given the task of handling the client. This makes the entire process personalized and adds exclusivity. Moreover, the stringent rules and regulations of associations dealing in the same space that delay the entire process of receiving supplies gets curtailed to a significant degree. This makes these businesses more demanding when compared to other government bodies and associations.

The Last Word

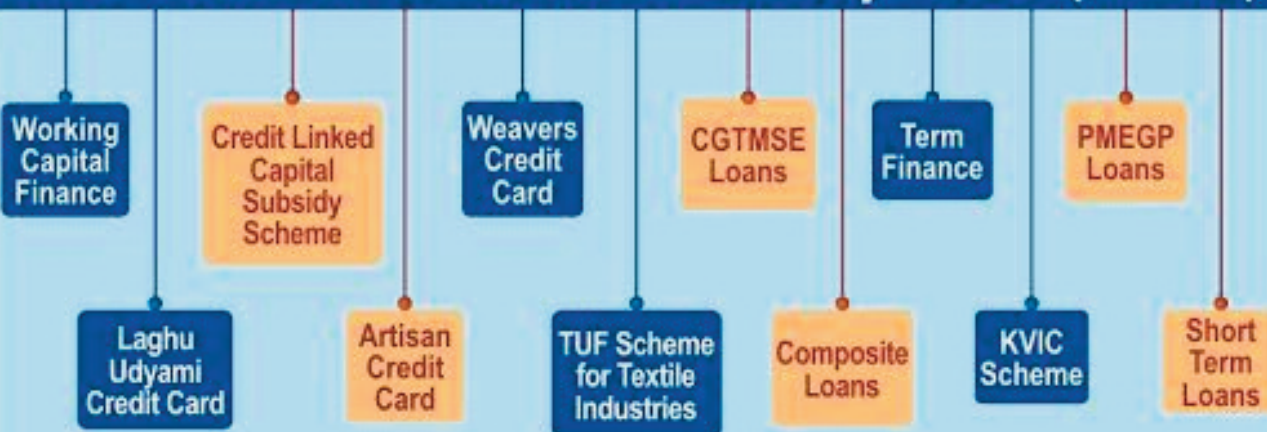
The SME supplier landscape currently is an unorganized and localized marketplace resulting in non-uniform pricing, tedious purchase process and lack of guidance in buying process. Since SMEs operate singularly with limited resources and human capital, they do not get entitled to benefits like large corporate. Companies like Power2SME, Smesauda and Medimanager are acting as enablers to help SMEs seek their industry requirements at competitive rates.



Andhra Bank *90 years of service*

Andhra Bank's Priority

Micro Small & Medium Enterprises (MSME)



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Hassle Free Process

Priority Attention

Competitive Interest Rates

- Application can be filed online through our website www.andhrabank.in. Application format can also be downloaded and duly delivered at branch or zonal office.
- For any further clarification, please contact Chief Manager, Credit at the nearest zonal office. The contact numbers are available in our website.



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IPR to convert into assets



To boost innovation through planned growth of intellectual property rights (IPR) in India, the government and industry body CII has highlighted the importance of adequate monetization and commercialization of IP and its awareness.

Speaking at a CII conference, Dr K S Kardam, Deputy Controller of Patents & Designs and Head, Patent Office, Ministry of Commerce and Industry, said, "India has developed a national framework for the creation and protection of IPRs, which is continuously evolving and is already meeting global standards. The challenge before the country is to scale up the process of IP creation and capture value from the scientific and technological creations to catapult the country into the league of most innovative and developed nations."

Man Mohan S Kohil, Chairman, CII Chandigarh Council and CEO, Hotel Aroma, said that leveraging IP for knowledge based development and national wealth creation is immensely important in the current scenario. He added that if the innovations are not protected, the return on investment on R&D would not be as high as desired and that it is a fallacy that the protection can be filed only for big inventions.

for state MSMEs.

MSME Minister, Damodar Rout at an event organized by Indian Chamber of Commerce said, "We have decided to set aside 10 per cent land, wherever land is provided to large and medium industries, for MSMEs."

The minister said that the state has benefitted from large industries and needs to promote ancillary units.

According to the sources, the state-owned Industrial Infrastructure Development Corporation will support in setting up of industrial parks at Kalinga Nagar, Barbil, Jharsuguda, Sambalpur, Dhenkanal, Rourkela, etc.



Google to help South Indian SMEs

Google will train SMEs across the southern states to grow their businesses by adopting digital advertising, a senior official said in a statement recently.

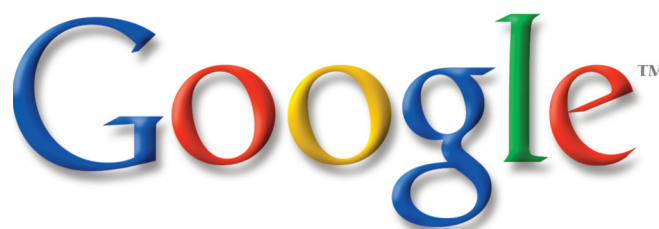
"We will train our partners in the southern region to provide expertise in developing and launching digital campaigns for SME businesses," said Todd Rowe, Managing Director, Google in Bangalore.

The training will offer end-to-end solutions, including search engine marketing, localized solution across Google's properties and mobile advertising platform.

"During the training programme, partners will have access to our products, co-branded market collateral and research through our marketing and sales support," added Rowe.

Odisha govt to reserve land for MSMEs

The Odisha Government has said that it will reserve 20 per cent area in all industrial hubs and land banks





MSMEs in service sector generate more profits than in manufacturing

MSMEs in service sector generate more profits than in manufacturing: StudyNew Delhi, Oct 29 (KNN) MSMEs in the service sector have done better than their counter parts in the manufacturing sector in terms of profitability as per a study done by CRISIL. The CRISIL study which covered several thousand MSMEs for the years 2009-10, 2010-11, and 2011-12 found that the profitability in the manufacturing sector has declined.

The operating profit before depreciation, interest, and tax (OPBDIT) margin of service enterprises improved to 11.34 per cent in 2011-12 from 10.84 per cent in 2010-11 and 11.04 per cent in 2009-10.

In comparison, MSME profitability in the manufacturing sector declined from 8.51 per cent in 2009-10 to 8.13 per cent in 2010-11, and stagnated thereafter. Operating profit in the trading sector too remained low at 3.32 per cent in 2009-10 and 2010-11, and declined to 3.28 per cent in 2011-12.

Manufacturing enterprises have been facing demand slowdown along with poor infrastructure and power



crisis in many parts of the country.

However, MSMEs in the service sector are leaner in terms of investment and are also able to customise their offerings quickly as per changing client needs and the rapidly evolving economic environment. Service-sector enterprises also face lesser challenges in terms of managing the required inventory levels and accompanying costs



Over the past few years, Pune has been ticking all the boxes impressively, gearing up its ecosystem to be named as the cocoon for aspiring entrepreneurs. With industries from automobile and information technology sectors leading the way, sectors like education, manufacturing and real estate are also gaining momentum in the city.

The New Hub for Entrepreneurs

Spectrum of Sectors

Most of the families that have started businesses in Pune today represent the top 50 brands across our nation, to name a few are Bajaj Auto, Kinetic, Bharat Forge, Garware Group of Industries, Finolex Group, Indira Institute, Cy-

bage, which is the largest IT Company, Pravin Masalewale and Emcure pharmaceuticals.

Growing as the trendsetter for entrepreneurial activities, Pune has risen up to support their mainstream businesses by providing the necessary infrastructure. "I am

into construction and real estate development, and we are in this businesses because Pune has risen to support entrepreneurship," says Atul Goel, MD, Goel Ganga Group.

Over the last two decades, the educational institutes in Pune have

attracted students from all over the country. The educational sector, a very important ingredient to create a self-sufficient entrepreneurial town, has risen to the occasion and Chetan Wakalkar, Group Director, Indira Group of Institutes and Founder VP, SCES, explains how, "The Private Universities Act, which was put on the back burner by the Government of Maharashtra, has been cleared recently. Now, the state can officially have private universities if they meet the requisites. So, this will fuel the education sector to grow in Pune."

Added advantage

"The Emerging Presidents Group (EPG) and Yi chapter is already in Pune. A lot of us who have been the members in either of these two organizations wanted to bring in an organization that would help us network better. So when Entrepreneurs' Organization (EO) approached us, we thought it would be interesting to get EO to Pune. The number of entrepreneurs in Pune has gone up in the last 10 years, so it will be a good platform to get them all together," adds

Rohit More, Director, Growel. EO, founded in 1987, is the world's most influential community of entrepreneur that acts like a catalyst to enable entrepreneurs to learn and grow from each other, leading to great business successes and enriched personal lives. In June this year, EO opened up its Chapter in Pune, thereby officially declaring it as the next town to watch out for in the entrepreneur-

ial community.

Adding fuel to the growing entrepreneurial fire are the investments that have aided many unfulfilled dreams. "There have been funds like the IndiaCo that has funded 22 start-ups in Pune. They have also tied up with students from colleges and funded them. Pune has another organization called BYST (Bharti Yuva Shakti Trust) that pick up students from grassroot levels. Pune has a very good climate for entrepreneurial spirit, and it is being promoted by all industries and various groups," says Yogesh Goyal, Director, RTC Goyal Ventures.

Pune gets around two lakh students every year and many of them tend to stay back and start businesses and they are supported by local companies. There is a migration of up to five city, therefore, eradicating unavailability of labour in any field. For example in

YI

Young Indians

PUNE CHAPTER





the real estate and construction business a lot of new leaders have come in and set up businesses in the last two years and they have been supported by the existing communities. There is a lot of interaction between the educational institutes, entrepreneurs and existing businesses to further develop the entrepreneurial spirit.

MIDC as well as the Government of Maharashtra has been reasonably encouraging as far as their support is concerned. "I see Pune being the New Jersey in a few years and being connected to New York. There are talks of having a fast train from Pune to Mumbai and it should be ready in 10 years and Pune will become a suburb of Mumbai," says Goyal.

The Next Big Club

Some start-ups have already established their strong hold in the sector they operate in. Rudraksh is the first multi-designer store in Pune and has successfully bridged the gap in the Pune market that existed for quality designer wear labels. The store has brought to its clientele an array of collections of over 80 talented and well-known designers from across India. After the launch of this store, three other similar stores opened up. Today, it has over 150 national

designers who are showcased and stocked in Pune. The array of opportunities for apparels, clothing and fashion merchandising has been unleashed by Rudraksh.

Another social entrepreneurship venture called Fuel that caters to education connects via the rights given to members of parliament and MLAs in different cities for promoting education in their wards. This entrepreneur has approached various MPs and MLAs and requested them to use their education funds that they get from the government in a more effective way primarily the focus being on career counseling and careers of students.

The educational background of the founders of Krawler Business Software alone has put them in the list to watch out for. Started by four IITians, Krawler is expanding rapidly by supplying firms with the Business Intelligence and Business Process Management tools they need to cut costs, optimize efficiency and maximise overall performance during lean times.

Watch Out

This city is not in a race to compete with cities like Bangalore, it is quickly building up its own identity. With growing infrastructure, cheaper land and labour

costs and support from the organizations like EO, this city is on its way to build entrepreneurs-a force to reckon with.

Best-Practices:

How to get Tax Incentives

In India, SSI (Small Scale Industries) is a protective sector. The government has been offering various fiscal and non-fiscal incentives to this sector and aiding them in various ways to foster employment opportunities accelerate industrial production and increase exports. SMEs play a pivotal role in the overall industrial economy. With government support, the sector has shown admirable innovativeness and increased competitiveness and adaptability to survive the recent economic downturn and recession. The Government of India has recognized the strategic importance of the SMEs in the overall economic scenario and has been instrumental in framing varied policies to boost the growth of this sector.

Given the importance of SME sector at the macro-economic level, several incentives have been ex-

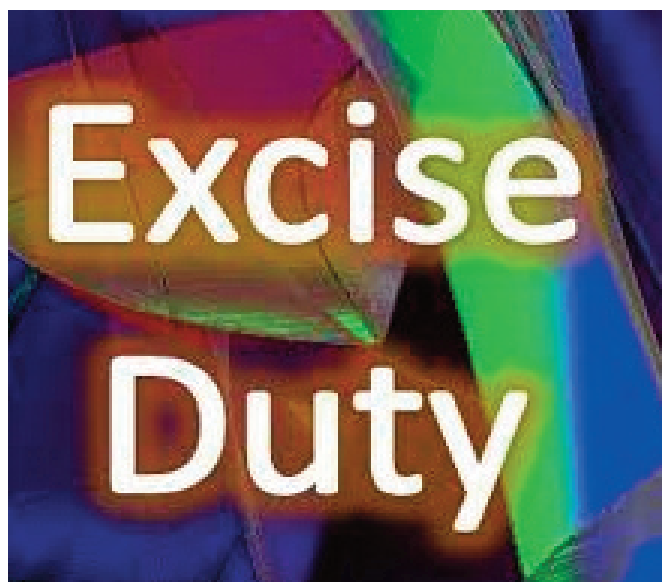
tended to this sector in form of schemes, grants, concessions, exemptions, etc. these incentives come in form of both, the fiscal/tax incentives and the non-fiscal incentives.

From the tax point of view, deductions, holidays, exemptions, etc. are provided in various tax legislations like Income Tax, Service Tax, Excise (CENVAT), and Sales Tax. Some of the noteworthy tax sops are:

Excise Duty Benefits: Exemption from excise duty on initial turnover clearances of Rs 15 million for small manufacturers whose turnover does not exceed Rs 40 million in the previous financial year, subject to satisfaction of certain conditions. Such manufacturers also enjoy the benefit of making quarterly payment of duty and quarterly filing of excise returns instead of monthly payment of taxed/filing of returns for the normal assesses, thereby reducing the compliances costs for such manufacturers. Furthermore, to ease the cash flow position for SMEs, full credit of excise duty paid on capital goods is available in the year of their receipt itself, in single installment.

Setting up of Small Industries Development Bank of India

- Easy and low cost funding schemes
- Government grants
- Simplified export procedures
- Easy regulatory procedures for granting permissions/licenses;
- Establishment of integrated parks with world-class infrastructure facilities
- Reservation of certain products/ items for manufacture by SMEs
- Recent guidelines for listing SMEs on the SME exchange, etc.



Excise Duty Registration: Manufacturers whose value of clearances in the current financial year does not exceed Rs 9 million are not required to take registration with the central excise authorities.

Corporate Tax Benefits: Tax deduction under section 80-IB of the Income Tax Act used to be available to SMEs. Deduction under section 80-IC and 80-IE of the Income Tax Act extends to SMEs having specified business undertakings established in certain states. Other tax deductions relate to export related tax incentives, operation in SEZ area, etc. Deduction for employment of new workmen is available under section 80JJAA of the Income Tax Act, 1961 for labour intensive companies. Furthermore, no surcharge on corporate tax applies to small companies having taxable income not more than Rs 10 million, and also a lower surcharge of 5 per cent for total income between Rs. 10 million to Rs. 100 million as against 10 per cent surcharge for companies with income higher than Rs 100 million. Finally, the turnover limit for tax audit and for the purpose of presumptive taxation of small business entities has been enhanced to Rs 10 million.

Service Tax Benefits: No service tax is payable by SMEs whose aggregate value of taxable services provided during the current financial year does not exceed Rs 1 million, provided that the aggregate value of taxable services of such SME does not exceed Rs 1 million in the preceding financial year

also. Furthermore, exemption for seeking registration under the Service Tax law has been granted to those small service providers whose aggregate value of taxable services does not exceed Rs. 0.9 million.

Sales Tax/Value Added Tax Incentives: Most of the states in India have granted the benefit of exemption from seeking registration under the State VAT enactments to SMEs having turnover less than Rs 1 million during the financial year. Moreover, various state governments have enacted a 'Composition Scheme' that entitles SMEs to pay tax at a concessional rate (which is lower than the normal VAT rate) on their turnover provided their turnover does not exceed the prescribed limit specified under the respective State VAT enactments. This relieves such entities from time-consuming compliances.

All these fiscal and non-fiscal incentives help SMEs to aim for higher levels of productivity and increase business efficiencies.

Challenges

Despite initiatives, SMEs grapple with the plethora of challenges, which restricts the growth of this sector and in turn, slows down the country's economic



development. These issues range from capital funding due to lower creditworthiness, lack of cheap, skilled and organized resourced like labour and raw material, outdated technology, high real estate costs, managerial incompetency, long drawn processes in approvals/licenses and tough market competition.

From tax point of view, the major issue is the long drawn litigations process, which can take years and years to conclude. Furthermore, many SMEs find conditions for availing certain tax benefits very stringent, impractical and prone to litigation.

One of the key issues faced by SME found place in this year's Union Budget Speech. The Hon'ble Finance Minister mentioned that SMEs fear losing various benefits if they grow out of the category in which they claimed those benefits. Accordingly, to encourage the SME sector, the finance minister extended certain non-tax benefits to such units for additional three years after they grow beyond the SME category.

What Lies Ahead?

While these steps are welcome, a lot many initiatives are still in the waiting. The survival of this sector is a big challenge today given the bottlenecks, and thus, requires immediate measures to smoothen the functioning of this sector. The most crucial steps would be to address the regulatory hassles and prac-

tical difficulties faced by such manufacturers. From a tax provisions, which may be similar to section 80-IB, for new SMEs would be a welcome step to boost the budding entrepreneurs. Clarity in laws, quick tax assessments and fast-tracking the litigations are some other factors that would bring efficiency in tax management.

5 Strategies to Make Brands Successful

There are two segments in India – perspiration and aspiration. Out of them, the growing segment is the aspiration. Out of them, the growing segment is the aspiration segment. However, just aspiration does not work in India, it is the “Adaptable Aspiration” that works in India.

Here are five strategies that can be used to make brands successful through “***Adaptable Aspiration***” in India:

1. ***Size Strategy:*** India has 8,100 towns and 6,50,000 villages. Hence, if the strategy is not adapted to reach these towns and villages there could be a lot of lost opportunities. Just to give a flavor and feel, towns in a cluster-Mumbai, Pune, Nasik, Surat and Thane account for 28 million populations, which is equal to seven New Zealands. With such a wide market, it is important to have a penetration thrust which is deep and intense through the size strategy. In a

What is section 80-IB

‘Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

(1) Where the gross total income of an assessee includes any profits and gains derived from any business referred to in sub-sections (3) to (11), (11A) and (11B) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to such percentage and for such number of assessment years as specified in this section

ADAPTABLE ASPIRATION

1. SIZE STRATEGY

2. PRICE AND QUALITY STRATEGY

3. COMMUNICATION AND EDUCATION STRATEGY

4. SERVICE STRATEGY

5. RELATIONSHIP STRATEGY

phased manner, brands could move from being local to regional to national. Hence, an emerging market like India needs a proper size strategy to open the market and enter it. Only then, the “Adaptable Aspiration” segment can be catered to properly.

2. **Price and Quality Strategy:** Many people believe that Indians want lower price. This is not true. Indians want higher quality. This is because Indians perspire to aspire. They work hard to buy aspirational brands. But it has to be “Adaptable Aspiration”. Whether be a Louis Vuitton bag or a Mercedes car or a Sony TV or flight by British Airways, their aspiration must be adaptable to Indian needs.

3. **Communication and Education Strategy:** To be able to address the “Adaptable Aspiration” segment, first preach and then reach. While communicating and educating, the appropriate language, style and tone need to be used. For example, the Hugo Boss brand will be accepted if advertised on a Hindi program channel. Furthermore, many categories like cakes and burgers would be consumed better if the offerings are vegetarian. “Adaptable Aspiration” can be addressed through simple and

effective communication and education. Even a hundred rupee note has 15 languages on it.

4. **Service Strategy:** We Indians are world class consumers. We love world class service. Whether it be home delivery or service at a restaurant or in a flight or in a hospital, we expect to be treated like kings and queens. We like to be seated and served. Every Indian home has at least five-ten menus of local restaurants from where they can order home delivery. Thus, “Adaptable Aspiration” in India can be catered to through excellent world class service.

5. **Relationship Strategy:** My Brand Mantra is “Sambandh, Nahi to Sabbandh”. Relationship is what makes Kirana shops succeed, where modern trade and malls fail. Even a pan-bidi shop has a great relationship with the customer better than a cold shrug from a supermarket. A relationship with your barber or your beauty salon lasts for many years, whereas neglect and delay from a tailor has given rise to very large ready-made garment industry. In India, strong relationship with customers helps brands grow and capture the “Adaptable Aspiration” market. Thus, if you want to succeed with your brand in India, you must target the “Adaptable Aspiration” segment through these strategies.

India slips to 134th rank in terms of ease of doing business

India slipped further to 134th rank from 132nd in terms of ease of doing business index, according to World Bank report, coming in behind its neighbours Pakistan, Nepal, Bangladesh and China. While Pakistan ranked 110, Nepal was 105, China 96 and Bangladesh 130, said the World Bank Report titled, 'Doing Business 2014 - Understanding Regulations for Small and Medium-Size Enterprises.'

India, the report said, has made an improvement of 0.5 percentage points in what is called "the distance to frontier" measure with a range between 0 and 100, with 100 representing the best performance or the frontier.

India's "distance to frontier" in 2013 was 52.7 as against 52.3 in 2012.

Also, according to the new World Bank Group report released today, India implemented the most number of business regulatory reforms in 2012-13 in the South Asian region.

"If economies around the world were to follow best practices in regulatory processes for starting a business, entrepreneurs would spend 45 million fewer days each year satisfying bureaucratic requirements," the World Bank said.

Commenting on the report, World Bank Group President Jim Yong Kim said, "A better business climate that enables entrepreneurs to build their businesses and reinvest in their communities is key to local and global economic growth.

"Doing Business shows that economies with better business regulations are more likely to empower local entrepreneurs to create more jobs – another step in the right direction toward ending extreme poverty by 2030," he added.

The report also finds that six of eight economies in South Asia completed 11 reforms simplifying the process of starting a business, strengthening access

to credit, or easing the process for paying taxes.

Since 2005, all economies in the region have implemented business regulatory reforms in the areas measured by Doing Business.

Together, the eight economies recorded 75 reforms. India implemented the most number of reforms in the region with 17 reforms during this period, followed by Sri Lanka with 16.

But Sri Lanka claims the region's highest spot in the global ease of doing business ranking, at 85 out of 189 economies.

Among the BRICS economies - Brazil, the Russian Federation, India, China, and South Africa - Russia made the most progress.

Singapore tops the global ranking on the ease of doing business. Joining it on the list of the top 10 economies with the most business-friendly regulations are Hong Kong, China; New Zealand; the US; Denmark; Malaysia; South Korea; Georgia; Norway; and Britain.

The report found that governments around the world significantly stepped up their pace of improving business regulations in 114 economies last year - an 18 per cent jump from the previous year.

"There is a clearly discernible process of convergence around the world," said Director of Global Indicators and Analysis, World Bank Group Augusto Lopez-Claros.

"The economies with the most costly and complex procedures and the weakest institutions are gradually adopting some of the regulatory practices seen in the better performers, and this is leading to a process of catching up across many of the dimensions captured by the Doing Business indicators," he added.

The report is the 11th in a series of annual reports on the ease of doing business, and it documented 238 business regulatory reforms worldwide last year.



When Uncertainty is your Enemy



Smart entrepreneurs know which strategies to adopt when the political and economic situation turns challenging

Ever since the Lehman Crisis happened in September 2008, the world has been staring at business uncertainty of the kind not probably seen since the Great Depression, or during the Second World War or Richard Nixon's decision to delink the dollar from gold in the 1970s. To prevent a depression in 2008, the US Federal Reserve started printing money at an unprecedented rate and, five years later, continues to do so. Everyone knows that at some point this will have to be scaled back, but no one knows what will happen then. Will the US growth start slipping?

After the US meltdown, the Eurozone went into a tailspin, and no one knows if the currency union will remain intact or break up under the weight of its own contradictions. In Japan, after two decades of stagnation, Prime Minister Shinzo Abe launched 'Abenomics', which is actually little more than a Japanese version of endless money supply intended to weaken the yen and create inflation. The argument is that if Japan gets a little inflation, people will stop saving and start spending since buying now is better in an inflationary situation. Abe is getting there, as the yen had appreciated from 78 to the dollar six months ago to over 100 in the second week of May 2013.

China is facing a slowdown, and India too has struggled with slowing growth and still-to-be-tamed inflation. Compounding it all is political confusion and the government is unable to clear the policy logjam fully.

The point of bringing all this up is not to flog what is well-known, but to emphasize that for businesses, uncertainty is going to be the biggest challenge this year and even in the years ahead. For small businesses, the uncertainty is worse, as they will have to contend with Big Brother whose bargaining clout improves vis-à-vis the small entrepreneur. Not just in India, but all over. In a globalized world, no one is immune from any kind of political or economic uncertainty.

A vicious cycle

Managing in uncertain times brings a whole host of challenges. Customers will demand discounts. Suppliers will seek upfront payments just when retail credit cycles lengthen. Credit tightens and banks become fidgety about loans already given, if there are servicing delays. The taxman will seek more rev-



enues just when business is going downhill.

In this pressure-cooker situation, employee morale will slide, investors will start losing patience with quarter-to-quarter performance, boards will start demanding instant results from management, and managements themselves will be under pressure to mindlessly cut costs or make asset sales that they may regret later. Survival today will be preferred over long-term strategy. The short-term is always important, for. In the long-term as John Maynard Keynes said, we are all dead. Managing in uncertainty thus calls for flexible tactics and approaches, and this is becoming evident in the way some big companies are handling the current challenges.

This is why Infosys is hoarding cash of Rs 23,958 crore and Reliance of Rs82,975 crore as at the end of March 2013, despite all the criticism from skittish investors and analysts. Despite calls to return more cash to investors, Infosys is holding back. Reliance announced a Rs 10,400 crore share buy-back last year, but spent less than 40 percent of it when it ended in January this year.

Hoarding strategy

Clearly, companies think it is better to hoard cash even if you have much more than you need. There is good reason for this. The world's troubles are not over, and spending cash too soon means there won't be much of it left if things get worse. In India, there is the additional uncertainty over a general election and even beyond – where there may be no stable majority.

Of course not every company will be in the happy position of having so much cash in the bank, but even smaller companies with touch-and-go finances have

to think cash: How to generate it, and how to hoard it.

Getting it right

One good reference guide to managing in uncertain times is provided by Ram Charan's book, *Leadership in the Era of Economic Uncertainty: The New Rules for Getting the Right Things Done in Difficult Times*. A management guru and author of the best-seller *Execution: The Discipline of Getting Things Done*, Charan deals with precisely these challenges.

In the book, Charan explains how one can steer an organization in these troubled times. Among them: How to deal with cash and credit squeezes, how to cope with shrinking budgets, both inside the company and at the customer end; how to face collapsing demand, how to pep up employee morale and keeping worried suppliers in line without damaging long-term relationships. But most of the dos and don'ts are common sense things we can deduce ourselves. One is to bring down debt or debt costs. A time of shrinking demand is usually a time when credit costs fall. It may be time to trade in costlier loans for cheaper ones. Reliance is raising new loans even when it is swimming in cash. This is because foreign loans have never been cheaper.

Reliance operates on a simple principle: When you get cheap cash, take it. You never know when you may need it. Often, when you do need it, probably desperately, the lender has probably changed his mind. This strategy works for Reliance because the company has a natural foreign exchange hedge as it is a big exporter of petroleum products and petrochemicals. But even for companies that don't have a natural foreign exchange hedge, it is worth considering swapping costlier domestic loans for cheaper foreign ones with forex cover.

Prioritize your checklist

Keeping good employees and letting indifferent ones go is the other no-brainer. However, when money is tight, keeping good employees too can be tough. Sending them on sabbaticals and luring them with non-cash incentives, not to speak of offering low-priced ESOPs, are obvious options. Turning employees into entrepreneurial suppliers may be another



way to cut employee and input costs. In the pursuit of cash, the key dilemmas managers have to resolve are the following: Whether to push volumes or margins (this is precisely the dilemma holding Infosys back right now); when to use the opportunity of cheap money to borrow more or cut down on debt; whether to bring more jobs inside the company or outsource more; whether to convert debt to equity at unfavorable terms now or hold on for the markets to revive; whether to sell a loss-making company and stop the bleeding or wait for improved valuations.

Cash is King



There are no easy choices to be made and decisions depend on the specifics of each company or circumstance. But the common elements are more or less clear: Cash is King; Caution is Emperor; and everything else is a double-edged sword: An opportunity and a threat.

Winners will be able to figure out which is which. Uncertainty is when you need all your wits about you.

For Indian entrepreneurs, the next two years will be times of unlimited economic and political uncertainty even as the world environment is not getting any better. Those who emerge from it unscathed will rule the markets.



SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

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

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

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

DIRECT
CREDIT SCHEME

MSME
RECEIVABLE
FINANCE SCHEME

MICRO FINANCE

Government Schemes

Associates



Credit Guarantee Fund Trust for Micro and Small Enterprises

www.cgtsi.org.in



www.sidbiventure.co.in



India SME Technology Services Ltd.
www.techsmall.com



SME Rating Agency of India Ltd.
www.smera.in



Go online to grow business

Year 2000 stood witness to a huge jump from offline to online world. We never saw our father a generation back sitting in front of a screen trying to promote a product to increase its sale, yet that seems to be key focus of business enterprises today. Indian SMEs are no different.

We all are well aware of the stress that our regular corporate work makes us undergo. Monika Manchanda's life was no different. Her demanding IT professional sphere left her distanced from her passion of cooking. Finally, she took a daring decision. She quit her profession at the cost of her passion. Now that she had enough time in hand, her experimentations in kitchen made her rediscover her love for recipes. What kept her hooked to it was the feedback her readers gave on her blogs. What started as a recipe blog about four years ago soon became a bakery house that now supplies goodies to various cafes in Bangalore and takes bulk orders for parties and corporate events. "Thus, Sin-A-Mon was formed," says Monika, whose love for cuisines and conversations have earned her reputation in the connoisseurs' circles. Monika started Sin-A-Mon in October 2011, from her home. For promotion and sales, it was majorly depended on sales through word of mouth. But getting more business was still a challenge, and that was when she came to know about 'India Get Your Business.

Online' – an initiative by the Internet giant Google through a friend who suggested that the digital medium could be a powerful tool to scout for work. "Setting up the website was a piece of cake since the interface is easy to use and has great options. Having a website has helped me promote my business and reach out to more people. It has also helped build my credibility in the café/ restaurant space. I feel confident and have big plans for the next year," says Monika.

Gaps Halting Growth

Indian SMEs are time poor and lack the know how to make an online presence. They tend to outsource these activities that become a costly proposition. Thus, cost and know how are big barriers in SMEs' growth.

SMEs are responsible for providing 45 per cent of India's employment and around 20 per cent of Indian GDP. Although it is a huge sector, it is largely under underserved. "The Indian SME market is not a Do IT Yourself market, it is a Do It For Me market," says Jaspreet Bindra, CEO, Getit Infomedia. They want businesses to help them become more discoverable get generate mode leads. "The biggest deterrent has



been the feeling of SMEs that having a web presence is a complicated process. Our email and do-it-yourself solutions have made it simple and cost effective," says Bhavin Turakhia, CEO, BigRock.

Easy Discovery in the Dot-Com Space

To reach-out to the SMBs and dispel the misconceptions related to building a website, GoDaddy, the world's top platform for small business, recently launched the 'Cup of Coffee' campaign in India. The objective of this 3-city campaign was to give a first-hand demonstration to SMEs on how easy it is to build a website, thereby empowering them to establish a web presence. The campaign's theme, 'Get a Web presence in the time you finish a cup of coffee,' exhibited how convenient and fast it is to build a great website, at an affordable cost. "However, GoDaddy's association just does not stop with getting customers an online presence. We can help our customers solve problems, harness the Internet and make their businesses successful," says Rajiv Sodhi, MD and VP, Go Daddy India.

Before 2011, there were only four lakh Indian SMEs that had a website or some sort of web presence. In 2011, Google launched the 'India, Get your Business Online' programme. This initiative aimed to break down the barriers that stop small businesses from getting online-by offering a quick, easy and free tool to set up and host a website.

Google started the project to get at least 500,000 Indian businesses online with a website that



was quick, easy and free to set up-in next three years. Today, they have already published 200,000 websites for SMEs from over 7000 towns in India.

Once SMEs establish their online presence, Google empowers them to find customers, build infrastructure and increase productivity through Google products, such as Google AdWords, Analytics, Google+, Google Apps, and YouTube. Google products can help them measure their online marketing efforts, which can help improve customer experience and potentially drive more sales. On an average, SMEs with an online presence tend to see revenues grow by 20 per cent.

Google has also started two local call centres for SMEs in India to help them understand key benefits of online advertising. The call center is focused on both outbound and inbound calls and currently offers support in six languages – Hindi, English and all four South Indian languages.

“For Google, India is a strategic growth market. In the last two years, Google India has raced ahead to become the fastest growing SME market for

Google globally. We are looking to significantly enhance the efforts to maximize our reach and educate the Indian SME about the benefits of online advertising.” Says Sandeep Menon, Country Head Marketing, Google India.

Another IT giant doing significant work in this space is TCS. TCS iON service can be equated with ERP solutions. The only difference is the simplicity. It is a no-frills IT solutions software that aims to organize human resources, production, inventory of a particular SME along with additional services of providing fundamental office applications, such as website and email services. TCS Webstore is the additional service that helps SMEs in the online purchase and sale of products.

Getit Infomedia’s mission is to empower an SME to get discovered in two distinct ways. First, they have a series of internal products like Askme.com and Getit.in. They not only provide SMEs with an opportunity to list, but also help them build websites form a basic e-catalogue website to an e-commerce website. Moreover, they also provide

assistance in making the enterprise go on social networking sites like Facebook and become a part of YouTube as well. Secondly, with the help of partners, they help optimize these sites with Google Adwords and other such products to get the websites receive greater exposure. Last but not the least, they also provide assistance in getting SMEs register their domain name to help them go online.

“Through our products like Getit. in or Ashme.com, we help them get discovered by their end customers who can become leads for him and in turn can grow his business,” says Bindra. It follows a premium model for revenue generation where amongst million SMEs being served by

messaging services include Net4, Big Rock along with Wipro’s ‘Fluidstate’ datacenters, the brainchild of IT and business transformation division. The aim of the data centre is to increase computing power of the increasing data pile ups of SMEs. An offshoot of ‘Fluidstate’ aims at providing web hosting, design, consulting and implementation services.

To help store online data and increase efficiencies, Dell has its DR solutions for SMEs. It is a simple disk back up and disaster recovery solution where back up data is stored online for a longer time period. This comes of valuable use during data loss. Crisis. With de-duplication technology, this ensures that only a single copy of data is stored and the rest

scraped. This optimized storage solution is ideal for SMEs where space is a concern. This makes data location and restoration a simple task and further reduces the cost spent on storage infrastructures.

To cater to SME sector of textile-exports centric town Tirupur (Tamil Nadu), Microsoft and Tirupur Exporters’ Association (TEA) provides online solutions for sustainable IT adoption

mechanism. With 10GB online space to store data and the provision of accessing data from any place, this is a boon to the manufacturing enterprises. Microsoft partners, such as Airtel, Wipro and Global outlook, are responsible for providing hosted solutions.

Bottom Line

Such support from bug and not so big technology majors is helping to create an ecosystem for a better Internet economy. With more and more users looking for local information online and not many businesses being present in this space, efforts like these will go a long way in helping small and medium businesses get started on the Internet and gain from the Internet economy in the next few years.



Getit, a certain percentage pays for the services provided to them.

Getit’s focus on serving SMEs has a touch of uniqueness. When asked about the selection criteria for offering their services, Bindra says, “Within SMEs, we are more focused on serving small enterprises rather than medium enterprises. There is no industry-specific selection. As long as it is a small business, we offer our services to them irrespective of their industry or geographical location.” Getit has a pan India presence across 150 cities in the country.

Other names to reckon with

A few other players in the market providing web hosting, domain name registration and enterprise

India, Poland agree to strengthen steel industry

In a joint venture to boost the steel industry, Indian delegates are currently on a visit to Poland to strengthen ties between the two countries in the areas of steel making and coal mining.

The delegation led by the Minister of Steel, Beni Prasad Verma met the Deputy Prime Minister Republic of Poland, Janusz Piechocinski, who is also the Economic Minister at Warsaw.

On the purpose of the visit, Verma said that Polish mining companies had the technical knowhow of developing and operating deep-coal mines. He emphasized the need to develop coking coal mines in India with sustainable and environmentally friendly and clean coal technologies.

“If Polish mining companies can share this knowledge with Indian counterparts, it will benefit both the countries,” he said.

Piechocinski appreciated the economic growth in India under a vibrant democratic set-up and spoke



about the harmonious partnership between the two countries.

He said that Indian companies have made significant investments in Poland and he would want more of these companies to make similar investments.

Bihar Agri College to set up automated food processing lines

Working in line with the modern food processing technologies, Bihar Agriculture College at Sabour here plans to set up automated food processing lines.

The college wants to set up a fully automated beverage line to do work ranging from processing of raw material to PET bottle packaging with accessory equipment like fully automated blow moulding machine, fruit and vegetable washer, automatic bottle rinser, fruit destoner and pulper.

Along with the fully auto-

mated line, the college has plans to set up a semi-automated extruded line with all necessary equipment and accessories for bread, biscuit, and cake making.

Bihar Agricultural University is an autonomous institute under the Bihar state government established in 2010 under Indian Council of Agricultural Research (ICAR) situated at Sabour, Bhagalpur district of Bihar.

Historically, Bihar is endowed with soil and water resources as well as climatic amplitudes hav-

ing vast potential of agricultural production of varied nature.

The university caters to the specific needs of this potential grain bowl of the state. The headquarters of the university is located at present in the Bihar Agricultural College, Sabour Campus, the oldest and agricultural college of the state, engaged in imparting education, conducting researches on farmers' problems and transfer of technology under its extension mandate.

RBI ups lending rates; but promises more finance to MSMEs

The Reserve Bank of India (RBI) increased the benchmark lending rate by 0.25 percentage points but its governor, Raghuram Rajan assured the small and medium enterprises that they would be given more bank credit by reaching out to the poor and remote areas.

In the second quarter review of the Monetary Policy, the RBI balanced the increase in the repo lending rate by reducing the rate on Marginal Standing Facility (MSF), at which most of the banks borrow.

However, the policy left the industry disappointed, which is feeling the pinch of high cost of borrowing.

However, Rajan reiterated his promise to expand banking access to small and medium enterprises, "We planned to build the RBI measures over the next few quarters on five pillars."



Raghuram Rajan,
RBI Governor

Amongst others, one of these pillars is, "expanding access to finance to small and medium enterprises, the unorganised sector, the poor, and remote and underserved areas of the country through measures to foster financial inclusion."

The strategy to expand finan-

cial inclusion will be informed by the Dr Nachiket Mor Committee report, though significant efforts to explore the use of technology are already underway. Finally, some steps to improve restructuring and recovery will be announced soon, the RBI Governor added

China aim to boost SME sector

In an effort to enhance small and medium enterprises (SMEs), the Chinese government has simplified its corporate registration system to ease market access and at the same time encourage social investment.

The government's decision will play a key role in providing opportunities for business start-ups in the country.

As per the new policy, the government will scrap minimum reg-



istered capital requirements for limited liability companies, one-person limited liability companies, as well as joint-stock companies

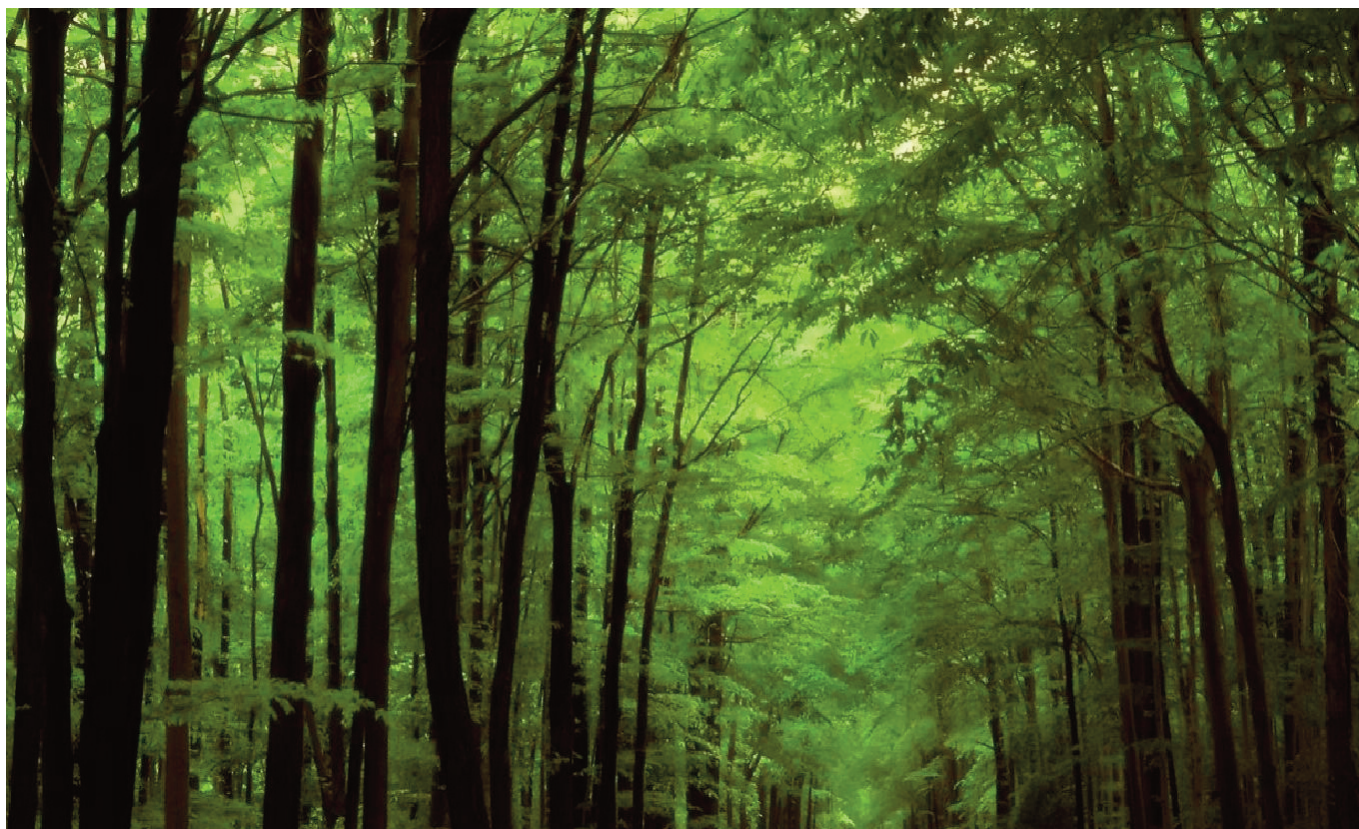
with limited liability, said a Xinhua report.

Commending the move, "It is an encouragement for the private sector, as private investors will face much fewer barriers in establishing businesses," said a researcher with the Development Research Centre of the State Council, Zhang.

In his opinion it would help improve the investment environment and stimulate social investment.

Eco-sensitive zones need special care

India is endowed with diverse topographical zones and rich variety of flora and fauna. During the course of industrialisation, urbanisation and other developmental initiatives, lot of changes occur in the landscape which may sometimes become the cause of natural disasters like earthquakes, flash floods, landslides, cloud burst etc.



In order to preserve certain regions/areas bestowed with unique plants, animals, terrains Government has declared them as national parks, wildlife sanctuaries, etc. Further, to minimise the impact of urbanisation and other developmental activities, areas adjacent to such protected areas have been declared as Eco-Sensitive Zones.

The National Wildlife Action Plan (NWAP)

2002-2016 endeavours to protect areas outside the protected area network to prevent isolation/destruction of fragments of bio-diversity. However, eco-sensitive zones are delineated to regulate specific activities on site specific basis. The Environment (protection) Rules, 1986 states that the Central Government can prohibit and restrict the location of industries and carrying on certain op-

erations or processes on the basis of considerations like biological diversity of an area, maximum allowable limits of concentration of pollutants in an area, environmentally compatible land use and proximity to protected areas.

The purpose of declaring eco-sensitive zones around protected areas is for creating some kind of 'Shock Absorber' to the protected area. They would also act as a transition zone from areas of high protection to areas involving lesser protection. The width of eco-sensitive zone and type of regulation vary from one area to another. However, as a general principle width of eco-sensitive zone could go up to 10 kms around a protected area. In case of places with sensitive corridors, connectivity and ecologically important patches, crucial for landscape linkage, even area beyond 10 kms width can also be included in the eco-sensitive zone.

The State Governments should emphasise the fact to the public that eco-sensitive zones are not meant to hamper their day-to-day activities, but instead, is meant to protect the precious forests/areas in their locality from any negative impact and also to refine the environment around such protected areas. While some of the activities could be allowed in all the eco-sensitive areas, others will be regulated or prohibited. However, which activity can be regulated or prohibited and to what extent will have to be area specific. For instance, activities which fall under the prohibited category include commercial mining, setting up of saw mills, setting up of industries causing pollution, establishment of major hydroelectric projects, discharge of effluent and solid waste into natural water bodies or areas, use or production of any hazardous substances, etc. Similarly, activities like felling of tress, establishment of hotels and resorts, widening of roads, protection of river banks and hill slopes, etc comes under regulated category.

A Zonal Master Plan for the eco-sensitive zone has to be prepared by the State Government within a period of one year from the date of approval by the Ministry of Environment and Forests, Government of India. The zonal master plan should provide for restoration of denuded areas, conserva-



tion of existing water bodies, management of catchment areas, soil and moisture conservation, needs of local community, etc which needs attention. It should also demarcate all the existing and proposed urban settlements, village settlements, types and kinds of forest, agricultural areas, green areas, horticultural areas, lakes, etc. No change of land use from green uses shall be permitted in the zonal master plan except limited conversion of agricultural lands to meet the residential needs of the existing local residents, improvement of roads and bridges, community buildings, without the prior approval of the state government. Pending preparation of the master plan and approval thereof by the Ministry of Environment and Forests, all new constructions can be allowed only after it is approved by the Monitoring Committee constituted by the Central Government. Protection of eco-sensitive zones has assumed importance in view of the overzealous developmental initiatives in fragile eco systems. A balanced, rational developmental approach is the need of the hour.

FDI in pharma doubles this year

Foreign direct investment (FDI) in the pharmaceutical sector has more than doubled to USD 1.07 billion during April-August 2013 over the same period last year.

FDI in drugs and pharmaceuticals was USD 487 million during April-August 2012, according to the latest data released by the Department of Industrial Policy and Promotion (DIPP).

There are reports that the Commerce Ministry may tighten the FDI policy which governs the norms for takeover, making them stricter.

Over 96 per cent of the total FDI in the sector between April 2012 and April 2013 has come into existing units.

India allows 100 per cent FDI in pharma sector through automatic approval route in the new projects, but foreign investment in the existing companies are allowed only through the FIPB (Foreign Investment Promotion Board) approval.

Other sectors which received high FDI during the



period include services (USD 1.19 billion), automobile (USD 661 million), construction (USD 592 million) and chemicals (USD 359 million), according to official data.

More than 2 lakh receives entrepreneurship training

In an effort to promote and develop self-employment in small and medium enterprises (SMEs), the National Institute for Entrepreneurship and Small Business Development (NIESBUD) has conducted a total of 8368 training programmes covering 2,18,681 participants which includes more than 160 International Training Programmes with more than 2,500 participants from more than 125 Countries till 31st October, 2013.

Training programmes were conducted under the administrative control of the Ministry of Micro, Small and Medium Enterprises (MSME).

The basic objective of these programmes is to encourage

the maximum number of participants to go in for self-employment after the training. The Institute also extends the entire range of hand-holding assistance to them for the purpose.

One of the important categories of training activities of the Institute is Entrepreneurship Development Programmes (EDPs) and Entrepreneurship-cum-Skill Development Programmes (ESDPs) under the "Assistance to Training Institutions (ATI) Scheme" of the Ministry of MSME.

The passed out trainees were provided a platform to display and sell their products in the India International Trade Fair



2013-14.

NIESBUD is an apex national level entrepreneurial institute engaged in training, research and consultancy interventions with the objective of promotion and development of SMEs including enhancement of their competitiveness through different interventions.

Raise excise limit to Rs 5 cr for MSMEs

Madurai units demands Union Finance Minister

The Madurai District Tiny and Small Industries Association (MADITSSIA) has recommended to the Finance Ministry to increase the Central Excise Tax exemption limit for micro, small and medium enterprises from the existing Rs 1.5 crore to Rs 5 crore.

“Seven years ago, the then Finance Minister Pranab Mukherjee stipulated Rs 1.5 crore as Central Excise Tax exemption limit for MSMEs in his budget. However, during those days raw material price was Rs 15-16 per unit which has now increased to Rs 45-50 per unit. Further, all production costs have become at least three times higher. Therefore, with such an increase the central excise tax exemption limit should also increase to Rs 5 crore,” MADITSSIA President, V S Manimaram said.

“We are making the recommendations but with elections round the corner, only the new government will have to take this forward,” he added.

The recommendations were made to the Joint Commissioner of Customs, Central Excise



P Chidambaram

and Service Tax at an awareness programme jointly organised by the Excise Department and MADITSSIA on yesterday.

The association will be writing a letter in this regard to the Finance Ministry for consideration.

The awareness campaign was about making good use of the Service Tax Voluntary Compliance Encouragement Scheme (VCES) 2013, which enables payment of service tax dues from October 1, 2007 to December 31, 2012 without interest, penalty and legal proceedings, including prosecution.

The VCES was introduced on May-10 this year through an amendment to the Finance Act to encourage those liable to pay service tax to disclose their liability voluntarily.

“Seven years ago, the then Finance Minister Pranab Mukherjee stipulated Rs 1.5 crore as Central Excise Tax exemption limit for MSMEs in his budget. However, during those days raw material price was Rs 15-16 per unit which has now increased to Rs 45-50 per unit.



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