



Industrial View

First and only platform for MSMEs

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From the *frying pan into the fire*





(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



Ramadevi, President, ALEAP addressing the gathering at the SME Excellence Award, organized by The Hans India at Hotel Marriot on July 15, 2013.



FSME-AP

Launch of Industrial View

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

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

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

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

- Editor

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APK Reddy

MSMEs CRY FOR GOVT'S ATTENTION

That India has made rapid strides in the sphere of industrialization as a spin-off effect of economic liberalization policies initiated in 1991 is an open secret. Economic liberalization has substantially impacted the manufacturing segment, leading to a big spurt in the number of manufacturing units.

However, the phenomenal rise in growth in the resource intensive manufacturing sector had been enabled and facilitated by growing material use, leading to manifold impacts on the environment.

While MSMEs chip in with their contribution of over 40% to industrial production and over 45% to India's exports, they also cast substantial pollution load on India. However, MSMEs are embedded in the socio-economic-geographical environment of the country.

It is axiomatic that financial and power sectors are the main obstacles for the growth of industries in India. And among the States, Andhra Pradesh has been adversely affected by crippling power crisis. The widening gap between the power generation and distribution has triggered the power crunch in the State.

The industrial sector scene here in Andhra Pradesh is unfathomable. While Commissioner of Industries (COI) issues Small Scale Industries (SSI) certificate to the entrepreneurs, who will have to look after the production in their units and SMEs, the top government official continues to ignore the sector by washing off his hands after issuing the certificates. The State government, which instead of laying special focus on MSME sector seem to be suffering from 'policy paralysis', as it just dishes out policies without bothering about its implementation in letter and spirit.

What is shocking, that budget allocated to the industrial sector is seldom sanctioned fully. Though the government creates a big hype about its 'huge' allocation of funds for the development of the industry in the State, in reality the sector gets peanuts. This is sad and shows the

crass ineptitude of the government towards the State industry. The callousness on the part of the government is one of the main stumbling blocks for the growth of the industry in the State. Added to the list of woes, power generation companies threw a bombshell by admitting that there was no proper generation to meet the needs of people and industrial sector as well. Ironically, the government is scouting for investments from other States by luring them with the offer of uninterrupted power supply and loads of subsidies. Apparently, there is no perfect co-ordination between the government and the power generation companies.

And the distribution company (AP TRANSCO) is the main villain for the sorry state of affairs on the industrial front. Though the government promised 'power', TRANSCO is desperate to cut power supply to industry specially MSME sector.

On the other hand, the bankers are also disrupting the growth of MSMEs. After the 3 months of minimum period they are converting industries into NPAs without ascertaining the reasons for the entrepreneur's failure to pay the interest. It is regrettable while the frequent power cuts led to a drastic fall in the production level, the entrepreneurs are being pressurised to cough up the loan amount. This has triggered suicides and more than 72 SMEs are being shut down.

While this is so, the Commissioner of Industries is reluctant to look into the financial problems of this sector. Even his next level officials of Industrial department (Deputy Industry Commissioner, Joint Director, Deputy Director, Assistant Director and Industrial Promotion Officer) are also shying away from their responsibilities and are dragging their feet from knowing the problems spelt out by worried entrepreneurs. The situation could have been averted had there been better co-ordination among policy-maker (government), Department of Industries, Power Generation (AP GENCO), Power Distributor (AP TRANSCO) and Bankers. Better late than never. The government and the officials concerned should, at least now, wake up from the slumber and initiate measures to pull out the suffering industry from the quagmire.



SMEs in the Globalisation Era



Micro, Small and Medium Enterprise (MSME) sector has been undergoing a metamorphosis in the era of globalisation for over a decade and a half. Many developments of relevance to SMEs (Small and Medium Enterprises) have taken place within the country and internationally. Globalisation resulting in fierce competition in various product lines has forced the SME sector to adopt strategies in tune with the global trends. A number of programmes of cluster-specific and firm-specific approaches are being pursued by all India organisations with a wide network of institutions associated with various functions supporting the SME sector at different levels.



-Damma Nagayya
Former Director,
NIMSME, Hyderabad

the overall strategies adopted for industry and trade at the national level.

It has been steadily reorienting itself to face the challenges posed by increased competition, domestically and internationally.

SMEs with their dynamism, flexibility and innovative spirit will have to adapt themselves to the fast

Micro, Small and Medium Enterprise (MSME) sector, also known as Small and Medium Enterprise (SME) sector has a prominent role to play in ensuring that growth is inclusive and regionally balanced. In the context of liberalisation from 1991, the sector has been integrating itself with globalisation and global trends in a phased manner as part of

changing needs of the market – driven economy, where the Government acts as a facilitator and promoter, no longer as a regulator. The strategies evolved in recent years, from 2000 in particular, are to help the sector to become globally competitive, and graduate from micro to small, small to medium, and from medium to large.

Advanced manufacturing techniques and management practices can be sourced and adopted with greater ease.

As participants in the global value chain, the SMEs can gain entry into larger avenues, expand their markets, find new niche markets for their products, and become prominent in the global arena with “Made in India” brand. Gainful participation in the global value chain can be used as a strategic measure for SME development. Despite competition from large enterprises, SMEs certainly have the potential to enter global value chains provided they adapt to the market shifts globally.

The MSME sector contributes 8.7% of the country’s Gross Domestic Product (GDP), 45% of the



manufactured output, and 40% of the country's merchandise exports. MSMEs provide employment to about 60 million persons through 26 million enterprises, as revealed by the Fourth All India Census on MSMEs covering registered and unregistered segments for the reference year 2006-07. As per the quick results of the Census released by Development Commissioner (MSME), registered MSMEs account for 1.56 million (6%), and unregistered 24.55 million (94%), totalling 26.11 million enterprises, as against the earlier projected figure of 13 million enterprises for 2006-07 based on the Third Census of Small Scale Industries (Union Ministry of MSME, Annual Report 2011-12).

For the first time, the present Survey includes service enterprises, apart from manufacturing and medium enterprises. The Survey covers MSMEs, Khadi and Village Industries, and Coir Enterprises, as these groups fall administratively under the Union Ministry of MSME. In these categories, registered enterprises have been covered on Census basis, and

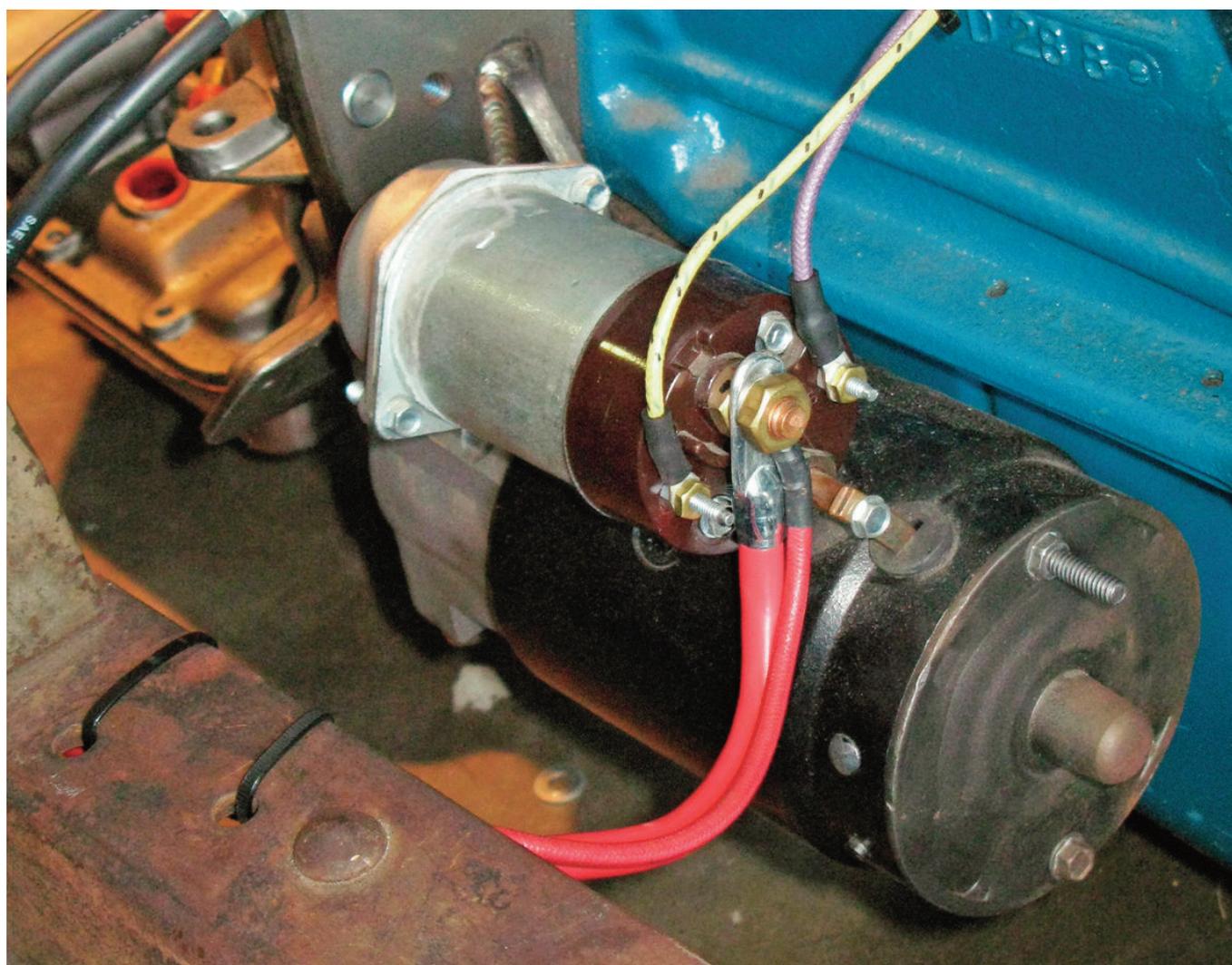
unregistered enterprises on Sample basis. Unregistered enterprises are generally much smaller in size compared to registered enterprises; these are also referred to as informal sector enterprises; and nearly three-fourths of them are in the service sector. Out of 26.11 million total MSMEs in 2006-07, manufacturing accounts for 28.6%, and the remaining 71.4% are service enterprises. In the registered enterprises category, the corresponding percentages are 67.1 and 32.9; and in the unregistered enterprises, manufacturing accounts for 26%, and services for 74%. Manufacturing enterprises are 7.47 million [1.05 million registered (14%), and 6.42 million unregistered (86%)], and service enterprises are 18.65 million [0.52 million registered (2.8%), and 18.13 million unregistered (97.2%)]. Out of 1.05 million registered manufacturing enterprises, 94.2% are micro, 5.6% small, and 0.3% medium enterprises. Among 0.52 million registered service enterprises, 96.9% are micro, 3.1% small, and 0.1% medium enterprises. In respect of employment, unregistered units account

for 50.3 million (84.4%) compared to 9.3 million for registered units (15.6%). Registered units, thus, account for nearly 6% of enterprises, and 15.6% of employment in the MSME sector. Out of 1.56 million MSMEs registered, 94.9% are micro enterprises (1.48 million), followed by 4.9% small enterprises (76,000), and 0.2% medium enterprises (3,230) as per the current definition. The corresponding percentage share of employment of the three segments out of the total registered enterprises employment is 70.2, 25.2, and 4.6, respectively. Women promoted enterprises are 1.92 million – 0.22 million registered, and 1.70 million unregistered (13.8% of registered MSMEs, 7% of unregistered MSMEs, and 7.4% of all MSMEs).

In 2006-07, production of MSMEs is estimated at Rs.7,094 billion at current prices, fixed investment Rs.5,008 billion, employment 59.5 million, and exports Rs.1,825 billion (US \$40.36 billion) at current prices. In relation to all India export figure of US

\$126.4 billion for 2006-07, MSME sector's contribution is 32%, and has grown at 18.9% over the previous year, compared to 22.6% for overall exports. The estimates for 2010-11 are 31.15 million total MSMEs, Rs.7,735 billion fixed investment, Rs.10,958 billion production at current prices, and 73.22 million employment. Data relating to MSME exports is available only up to 2007-08. During 2007-08, MSME exports accounted for Rs.2,020.2 billion at current prices (US \$50.25 billion), which works out to 30.8% of the country's total exports of US \$163.13 billion; and has grown at 24.5% over the previous year compared to 29% for overall exports. From 2006-07, data relating to the newly registered medium enterprises are included in the revised estimates. For earlier years, data cover only micro and small enterprises (Union Ministry of MSME, Annual Report 2011-12).

In the context of enhancing competitiveness of MSME sector, it is important to recall a few land-



marks / recent developments which have resulted in increased fierce competition globally, and even in the domestic market.

July 1991

Announcement of liberalisation policy in industry and trade sectors

April 2001

Virtual dismantling of all the quantitative restrictions (QRs) by India permitting liberal import of goods from other countries.

January 2010

Prime Minister's Task Force on MSMEs submits its report to the Prime Minister. Vigorous action steps are being taken thereafter on various areas for overcoming the problems faced by the MSME sector. Apart from the general decline

in industrial production during the period of global recession from September 2008 in the country, labour intensive export oriented small enterprises have been adversely affected to a greater degree. These include industries such as textiles, readymade garments, gems and jewellery, leather, handicrafts, handlooms, silk carpets, marine products, toys, and sports goods. Export oriented industrial enterprises have been hit hard in a number of directions such as fierce global competition because of relatively low competitiveness of some of the Indian products, and rupee appreciation apart from recession in developed countries.

MSMED Act, 2006

The Micro, Small and Medium Enterprises Development

(MSMED) Act has become operational from October 2006. Being a comprehensive legislation for the promotion, development, and enhancement of competitiveness of the MSME sector, a number of measures were provided for in the Act for enhancing competitiveness of SMEs, and for enabling the enterprises to avail of the benefits of global markets.

Cluster Development Approach

For over a decade, the cluster approach is being implemented as a potent tool for achieving the overall development of clusters or groups of SMEs, covering artisan and micro enterprises as well. Various ministries and departments of the Centre are adopting the cluster approach as a pivotal strategy for enhancing productivity and competitiveness as well as capacity building of SMEs in the country.





The primary characteristic of the cluster-based approach consists in nurturing the value-chain through a range of carefully crafted demand-side and supply-side policy interventions. Key benefits of a cluster-based approach to developing the SMEs are as follows: (a) Networking among enterprises, (b) Strengthening of the human capital, (c) Technology and skill upgradation, (d) Lowered costs, (e) Improved bargaining power, (f) Global visibility, (g) Easier access to finance, (h) Greater government support, and (i) External players within the value chain.

Under the scheme of cluster development, the benefit of a whole variety of interventions, ranging from exposure to skill development, from credit to marketing, and from technological improvements to better designs and products is given to concentrations of enterprises in a contiguous belt. With the government funding and participation of cluster actors, developmental interventions are carried out for a period of 3-5 years to enhance the competitiveness and collective efficiency of the clusters, and to integrate them with the global economy, and global supply chain in addition to addressing the need for enhancing domestic marketing.

The Micro and Small Enterprises Cluster Development Programme (MSE-CDP) was reviewed in 2006-07 to accelerate holistic development of clusters, including provision of common facility centres, developed sites for new enterprises, upgradation of the existing industrial infrastructure, and provision of exhibition grounds / halls, and also for the creation and management of infrastructure-related assets in public-private partnership mode. The ceiling on project outlay for infrastructure development has been raised to Rs.10 crore per cluster. From October 2007, the scope of the scheme has been enlarged to include provisions for development / upgradation of physical infrastructure also. Modifications made to the scheme are as follows: (a) The scheme of 'Integrated Infrastructure Development Centres' has been subsumed under the cluster development programme, with all its existing features and funding pattern. Assistance under the scheme will also be available for the following purposes: (b) for setting up new clusters / industrial estates, and for improving infrastructure in the existing industrial estates; (c) for clusters developed exclusively for MSEs operated, and / or owned by women; and (d) to associations of

women entrepreneurs for establishing exhibition centres at central places for display and sale of products of women-owned MSEs. The guidelines of the MSE-CDP were revised in February 2010 with enhanced funding and simplification of procedures. In the recent years, the cluster approach has been made an integral part of most of the schemes being implemented by the Ministry of MSME, covering all components of the National Manufacturing Competitiveness Programme (NMCP). Other Union ministries such as Textiles, Food Processing Industries, etc. have also implemented the cluster approach in respect of the product lines covered by them. Provisions under different phases of MSE-CDP of the Ministry of MSME are briefly recalled here.

Under MSE-CDP, financial assistance is provided as grant-in-aid by the Government of India (GoI), Ministry of MSME, and administered by the Office of Development Commissioner (MSME), and its field offices for five identified phases of the cluster development programme.

1. For preparing a Diagnostic Study Report (DSR) for a cluster of MSEs, GoI grant per cluster is a maximum of Rs.2.5 lakh;
2. For soft interventions like awareness generation, capacity building, exposure visits, technology upgradation, market development, brand equity, trust building, business development, etc., GoI grant is 75% of the sanctioned amount of the maximum project cost of Rs.25 lakh per cluster [90% for North Eastern & Hill States, and clusters with more than 50% (a) micro/village, (b) women owned, and (c) SC/ST enterprises];
3. For the preparation of a Detailed Project Report (DPR), GoI grant is up to Rs.5 lakh per cluster;
4. For hard interventions such as setting up of a Common Facility Centre (CFC), GoI grant is 70% of the cost of the project, i.e., a maximum of Rs.15 crore [90% for NE & Hill states, and clusters with more than 50% (a) micro/village, (b) women owned, & (c) SC/ST enterprises]. Hard interventions include creation of tangible assets like test-





ing facility, design centre, production centre, effluent treatment plant, training centre, R&D centre, raw material bank / sales depot, product display centre, information centre, and any other need based facility; and

5. For infrastructure development in a cluster, GoI grant is 60% of the cost of the project, i.e., a maximum of Rs.10 crore, excluding the cost of land [80% for NE & Hill States, and industrial estates / areas with more than 50% (a) micro, (b) women owned, & (c) SC/ST enterprises]. For existing clusters, upgradation proposals will be based on the actual requirement. The state / UT governments will provide suitable land for the projects. In the estimated cost to set up an infrastructure development project (excluding cost of land), GoI provides grant-in-aid. The remaining amount may be obtained as loan from SIDBI/ banks / financial institutions or equity from state / UT government. The state / UT government will meet the cost in excess of Rs.10 crore or any escalation in cost. Office of the Development Commissioner (MSME) with the approval of the Steering Committee, may appoint Competent Programme Management Service Providers (PMSPs) for facilitating formation of various proposals and their implementation.

In the present scenario of knowledge-based econ-

omy, formation of consortia, self help groups, dynamic associations may yield benefits for pursuing issue-based strategic interventions in industrial clusters. A critical mass of MSEs can join hands under the umbrella of a formal entity called cluster led by a group of beneficiaries (Special Purpose Vehicle – SPV). Confidence building and trust building are the two main pillars of building up cluster development initiatives. Guidelines under MSE-CDP have been published in Laghu Udyog Samachar (LUS), November 2010, pp. 3-22.

Promoting Entrepreneurship and Skill Development: Private sector organisations and non-governmental organisations (NGOs) need to be involved to a greater degree with appropriate trainers' training programmes to equip them to shoulder the responsibility on PPP mode. The corporate sector may take the lead role in infusing enterprise education, skill upgradation, and management induction programmes. Promoting synergy is necessary to achieve integration in order to attain the desired goals by involving public sector and private sector organisations. Encouragement should be given for private corporate sector to establish business incubation support network, as also institutional framework and policy framework for business-turn around, for the benefit of SMEs.

Upgradation of Clusters and Creation of Value



Chain: SMEs can achieve high level of competitiveness if they work in a cluster environment ensuring complementarities, common activities, and institutional stability. Collective innovations should flow from these efforts. Through strengthening of linkages and creation of value chain, clusters can be upgraded. These can include linkages among firms, strengthening the local position within the value chains, building cluster-specific skill centres to develop cluster-specific labour force, strengthening the linkages with the local suppliers, and facilitating greater level of interactions among the stake-holders of clusters.

Strengthening Sub-contracting Relationships within the Region / other Parts of the Country / Other

Countries: Sustainability and growth of SMEs would largely depend on their capacity to become part of the strategies of larger firms in the national and global arena. This is particularly important for technology oriented and export-oriented SMEs, which serve as sub-contractors for large enterprises in sectors such as IT, biotech, pharmaceuticals, light engineering, electronics, and automobile components. SMEs should be equipped to meet the global standards and delivery mechanisms.

Focussed R&D Institutions for SMEs: There is need for focussed institutions encouraging R&D activities in the SME sector in a coordinated manner. They may identify thrust areas for research, new areas for technology application, opportunities for

commercialisation of R&D, and hand-holding of SMEs in their R&D intensification. This can lead to higher level of technology intensive firms coming up in various product lines in thrust areas.

Linking SME Strategy with Regional Trading Arrangements: Linking the SME development strategy with regional trading arrangements would encourage learnings from regional and cross-continental peer groups. Multi-national corporations (MNCs) may be encouraged to assist SMEs to upgrade them to meet quality standards that may be required by them. They should become SME-friendly by developing suitable tendering policies.

Increasing SMEs' access to Finance: The screening methodology of financing institutions needs to consider non-financial parameters and management competencies, while evaluating loan proposals of SME units. Export-Import Bank of India, Mumbai in collaboration with International Trade Centre, Geneva has implemented an unique enterprise man-



KC Chakrabarty

agement development services programme, which is an IT-based tool, loan.com to enable SMEs to prepare business plans with international market in focus. This is implemented as a pilot project for SMEs at present, and needs to be extended to more regions. The working group on credit flow to SMEs under the chairmanship of

KC Chakrabarty and the Prime

Minister's Task Force on SMEs have suggested a number of measures for sustained development of the SME sector. These included establishment of a few funds in the SME sector for specific purposes. Action is to be initiated on a priority basis to implement these recommendations.

1. Pro-active Role of Industry Associations / Cluster Associations: It is suggested that the key associations at the state level / cluster associations at the cluster level should take the lead in implementing various programmes in the interest of their members. Pro-activeness from their side will enable the institutions concerned to perform in an appropriate manner, review the performance of a programme in various locations periodically, and bring out lessons for the future. Periodic monitoring and review of implementation of programmes is to be pursued regularly. Interaction across states is also necessary.





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

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

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

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

ఇ) రూరల్ ట్రాన్స్‌ఫోర్మేషన్ (అండమాన్ నికోబార్ దీవులలో ఆటోలక్షణము కాశ్మీర్ లో టూరిస్టు బోటు, హౌస్ బోటు మరియు శికారాలను మినహాయించి)

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

ఇతర వివరాల కొరకు - సంప్రదించండి.

రాష్ట్ర కార్యాలయం

ఖాదీ మరియు గ్రామీణపరిశ్రమల కమిషన్

పోస్ట్ బాక్స్ నెం. 362,
గాంధీ భవన్, యం.జె. రోడ్, నాంపల్లి,
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పరిశ్రమల కమిషనర్

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

ఆంధ్రప్రదేశ్ ఖాదీ మరియు గ్రామీణ పరిశ్రమల మండలి,

హుమాయూన్ నగర్, హైదరాబాద్.
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ఇ-మెయిల్ : apkvib@ap.nic.in, apkvib@yahoo.com

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

ప్రాంతీయ కార్యాలయం

ఖాదీ మరియు గ్రామీణపరిశ్రమల కమిషన్,

శ్రీ హరి ప్రాజెక్టు, మహారాణి పేట, విశాఖపట్నం,
బిలిఫోన్ : 0891 - 2561156, 2565904
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అన్ని జాతీయ బ్యాంకులు



Govt owned MSME institute to hold programme for large firms as well

The MSME-Development Institute (MSME-DI) promoted by the government is organising a national level vendor programme not only for the micro and small enterprises but also for the large units.

However, the fee charged for the two day programme on October 21-22 at Rs 14,000 for medium and large enterprises is double the amount being charged from the micro and small units.

When asked, as to how the large enterprises are being developed as vendors for large companies, official of District Industries Centre (DIC) said, "after all, they (large firms) are also enterprises.

The Government Departments and large entrepreneurs which are likely to participate in the programme are Ministry of Defence, Indian Railways, NTPC, BHEL, DTC, ASTRU and large enterprises like Hyundai, Maruti etc.



In this context, the MSME-DI has invited applications from the MSMEs as well as the large enterprises.

"The purpose of the programme is to develop potential MSEs as vendors for Central Ministries/Departments like defence, railways, public sector undertakings and other medium and large enterprises," said a notification.

MSME-DI envisages providing

a range of services for promotion and up-gradation of MSMEs by upgrading their knowledge and improving their technical skills through structured management and skill upgradation programmes.

The government had notified the Public Procurement Policy with effect from April 1, 2012.

Under the policy, every central ministry/PSU has to set an annual goal for procurement from MSEs at the beginning of each financial year with the objective of achieving an overall procurement of minimum 20 per cent of total annual purchases of products produced/services rendered by such units.

The MSME sector contributes over 8 per cent to the country's Gross Domestic Product (GDP) and accounts for 45 per cent of the manufacturing sector.

There are around 3.6 crore such enterprises, employing over 8 crore people





Seminar on good shopfloor practices in manufacturing

To ensure productivity in manufacturing, it is important to practice good manufacturing techniques so as to achieve zero defects, reduce cost, prompt delivery while maintaining a good safety record.

Towards this, M S Ramaiah School of Advanced Studies has organised a two day seminar on 'Good Shopfloor Practices in Manufacturing,' to be held on October 24 th and 25 th.

"Industrial experts from the field, including TVS, Federal Mogul and Weg India will be sharing their experiences, along with some of our own faculty who have had vast experience in this sector," said Executive – Academic Relations, Ashwin T A.

On the need for such a workshop, "Productivity is the most important index in all activities. In order to achieve excellence, shopfloor professionals need regular awareness training and hands-on sessions," Ashwin said.

During the seminar, manufacturing excellence techniques will be conveyed through lectures, case studies, group discussions and interactive ses-

sions, also touching upon problem solving techniques and quality management.

As far as the take away from the seminar is concerned, participants will be able to apply the concepts of KAIZEN in shopfloor (practices that focus upon continuous improvement of processes in manufacturing); identify the seven types of waste; understand TPM (Total Productive Maintenance) and My Machine concepts; address quality related issues; develop PPAP (Production Part Approval Process) documentation and carry out Cpk (Capability process index) studies; and develop a road map for improvement of shopfloor practices.

The seminar is meant for personnel involved in production, quality assurance, supplier quality, process design, quality control, etc.

Held for the first time on this topic, the seminar will see about sixty participants, mainly from the southern states.

Located in a manufacturing zone, the M S Ramaiah School of Advanced Studies has had good response to the seminar announcement from the units here.

ibibo buys online bus ticketing firm redbus.in

E-commerce firm Ibibo Group recently acquired Bangalore-based online bus ticketing firm RedBus for an undisclosed sum. However, the deal amount has been estimated to be around Rs. 600 crore as per various market sources.

All travel companies of Ibibo Group, including RedBus will continue to run independently and operate as separate businesses to drive deep focus.

As per a statement issued by the company, Ibibo Group and Piplani Soft Labs Pvt Ltd, owner of redBus. In have executed a binding agreement for the acquisition.

“This transaction will expand and diversify Ibibo Group’s existing travel assets: Goibibo.com (B2C online travel aggregators) and Travel Boutique Online (a B2B online travel platform that enables thousands of small and medium agents),” the statement added.

Ashish Kashyap, CEO, Ibibo Group, said, “This gives us signif-



icant combined scale in terms of daily transaction volumes. We see this as an exciting market opportunity. Online penetration of the bus market is only 5.7 per cent compared to 28 per cent for air travel, suggesting headroom for rapid future growth.

Cloud Solutions Provider Minjar Acquires Start-up Adepto

Bangalore-based Minjar Cloud Solutions has acquired start-up venture Adepto Solutions, which offers a platform to launch customized application on Facebook, marking the first instance of a

company being incubated in an accelerator being bought in India. The three-year-old venture was part of the second batch of startups at the Microsoft Accelerator in Bangalore.

Adepto, which had clients such as Kotak Mahindra and Snapdeal in the past, has pivoted itself from being a social app for e-commerce platform to helping build instant apps for Facebook. Its earlier product was known as Trolley, which has now given way to the current products Crowdhub.

In 2011, Blume Ventures and Rajib Dadlani Group had invested about \$300,000 (about Rs. 1.8 crore) in Adepto Solutions. The investors are likely to get an exit with the transaction.

Minjar which builds hosted cloud apps in areas of big data and security is likely to gain from the Adepto acquisition, which also offers a cloud-based platform.



Western Union-IndusInd bank to offer technology to SMEs

Western Union Business Solutions, a unit of the Western Union Company, has partnered with Mumbai-based IndusInd Bank Limited to bring its technology platform for making global business and foreign exchange payments at the doorsteps of Indian SMEs.

IndusInd Bank has also signed up two of Western Union's largest agents, Weizmann Forex Ltd and Paul Marchants Ltd, as referral agents to help market the service. The service will be launched at select Paul Marchants Ltd and Weizmann Forex Ltd, a release said.

Customers will be able to request a visit from a



trained representative of Paul Merchants Limited or Weizmann Forex, allowing them to book a cross-border transaction from their home or office. This service will be offered under license by IndusInd Bank.

Sundaram Infotech's 'SEIFT' for SMEs

Sundaram Infotech, the IT subsidiary of non-banking finance company Sundaram Finance, has launched its ERP solution called SWIFT focusing on SMEs.

As per a company statement, "Targeting first time ERP users in the SME segment, Sundaram Infotech Solutions, has launched an ERP offering called "SWIFT" based on Microsoft Dynamics NAV platform that will allow small and medium sized companies in India to quickly evaluate, select and implement an ERP System."

SEIFT provides quick implementation, better return on investments, operational excellence and business intelligence, the statement added.

"We are looking at capturing a share of this new market segment with our newly launched start-up ERP offering and are hopeful of singing up a reasonable number of customers this year in SME segment," said Srinivas Acharya, Director, Sundaram Infotech.



SUNDARAM INFOTECH



Easier entry-exit norms for SMEs

A government-panel looking at ways to boost manufacturing in MSMEs sector is likely to propose easier entry and exit norms for smaller units.

The government had set up an inter-ministerial committee (IMC), headed by MSME Secretary Madhav Lal, to look into issue faced by small units and suggest ways to boost the manufacturing in the sector.

“The panel has discussed lots

of issues that are affecting the growth of small units and it is in the process of finalizing the report which will be soon submitted to Cabinet Secretary Ajit Kumar Seth for his consideration,” an official source said.

“In the report, the committee is planning simplify rules for entry of MSMEs that want to start up their business along with creating an efficient framework for exit of sick units,” he

said.

“Efficient insolvency laws are required to help entrepreneurs close down unviable businesses and start up new ones. It also helps in controlling financial burden and ensure higher rate of recovery,” he added.

Currently, there is a fear factor among those entrepreneurs who run unviable units and want to exit as the existing insolvency laws do not support them.

American Business Corner Launched

North India's first American Business Corner (ABC) was launched in Mohali, Punjab by US Ambassador Nancy J.Powell and Anurag Aggarwal. President of Mohali Industries Association.

Speaking on the occasion Powell said, “ABC in Mohali will act as a clearinghouse to connect its 450 member firms with US companies interested in doing business here. The activities of this ABC will include the dissemination of catalogues of US products to potential buyers or staging workshops and seminars at the ABC on topics ranging from Trade Finance to IPR.”

“ABC is a novel concept as to date large busi-

ness organizations of the two countries had resources to foster business ties but this opportunity was not available to the SMEs of the two countries.” Said Aggarwal.

“Mohali Industries Association have reached a stature where they are in a position to tie up with the US Department of Commerce for promoting business ties between US and Indian SMEs,” said Karan Avtar Singh, Principal Secretary, Industries & Commerce, Punjab. He assured that the Punjab Government would facilitate both US and Indian companies so that the trade between the two countries increases.

‘Completely Boss Challenge’ awards

Technology major Microsoft has recently announced the top three winners for its Completely Boss Challenge. The winners get a chance to have industry experts like Microsoft (technology), Linked in (talent), Money control. Com (media), Web Chutney (marketing), Door (business consulting) and CRISIL SME Ratings (knowl-

edge) to develop robust 5-year business growth plans for their companies. ‘

The initiative is India's first platform to reward and celebrate outstanding business leaders from the thriving mid-market sector, wherein 2,500 CEOs form across seven cities (Ahmedabad, Bangalore, Chennai, Delhi NCR, Mumbai, Pune and Hyderabad)

contested in three rounds of the competition.

The winners are Navi Mumbai-based Uday Purohit, Managing Director, Neptunus Power Plant Serviced Private Limited; Hyderabad-based Gaddam Ranjith Reddy, Managing Director, Rohini Minerals Private Limited and Vadodars-based Paresh Tulsidas Parekh, Founder, Sort India Enviro Solutions Limited.

40% online market by Dec

United Nations report released yesterday projects that by the end of the year, 40 per cent of the world's population, 2.7 billion people, will be online, as mobile broadband has become the fastest growing segment of the global information and communication technology (ICT) market.

"An estimated 2.7 billion people will also be connected to the Internet – though speeds and prices vary widely, both across and within regions," said the report.

The annual report of the International Telecommunication Union (ITU) also estimates that by the end of 2013, there will be some 6.8 billion mobile-cellular subscription – almost as many as there are people on the planet.

In spite of remarkable progress, the report notes that there are large differences between developed and developing countries, making evident the link between income and ICT progress. The so-called Least Connected Countries are home to a third of the world's total population, who could greatly benefit from access to and use of ICTs in areas such as health, education and employment.

While speeds and prices vary widely within and across regions, the report shows that broadband pricings in more than 160 countries over the past four years fell by 82 per cent overall, from 115 per cent of average monthly income per capita in 2008 to 22 per cent in 2012. In addition, mobile broadband has become more affordable

than fixed broadband, making this a more popular form of connectivity.

The ITU also released its ICT Development Index (IDI), which ranks 157 countries according to their level of ICT access, use and skills. India ranked 121, while the Republic of Korea (ROK) topped the list for the third year in a row, followed closely by Sweden, Iceland, Denmark, Finland and Norway. Bangladesh was on the second last position at 135 followed by Niger.



The Netherlands, the United Kingdom, Luxembourg and Hong Kong (China) also rank in the top 10.

Analysis of trends in broadband pricing in more than 160 countries shows that in the four years between 2008-2012 fixed-broadband prices fell by 82 per cent overall, from 115.1 per cent of average monthly income per capita in 2008 to 22.1 per cent in 2012.

The biggest drop occurred in developing countries, where fixed-broadband prices fell by 30 per cent year on year between 2008

and 2011.

The report also presents for the first time the results of a comprehensive price data collection exercise that was carried out for four different types of mobile-broadband service. Results show that in developing countries mobile broadband is now more affordable than fixed broadband, but still much less affordable than in developed countries.

In terms of broadband pricing, Austria has the world's most affordable mobile broadband, while São Tomé and Príncipe, Zimbabwe and the Democratic Republic of the Congo have the least affordable.

The global broadband affordability target set in 2011 by the ITU/UNESCO Broadband Commission for Digital Development aims to bring the cost of entry-level broadband service to less than 5 per cent of average monthly income.

A new model developed by ITU for this year's report estimates the size of the digital native population worldwide, showing that in 2012 there were around 363 million digital natives out of a world population of around 7 billion.

Out of a total of 145 million young Internet users in the developed countries, 86.3 per cent are estimated to be digital natives, compared with less than half of the 503 million young Internet users in the developing world. Within the next five years, the digital native population in the developing countries is forecast to more than double.

Govt support for product certification to MSMEs

The Micro, Small and Medium Enterprises (MSMEs) can claim up to 75 per cent of expenditure incurred in getting Product Standard Marks up to Rs 1.5 lac for national and Rs 2 lac for International ones.

The national standards markings on products like BIS, BEE etc and international ones such as CE, UL, Energy Star etc shall be eligible for support under the new initiative.

According to a communication of Office of Development Commissioner of MSME, Ministry of MSME, the scheme has been initiated to enhance the acceptability of products of the MSME sector in

national and international markets and also to help them become part of global supply chains.

‘To encourage and promote a wider coverage of MSME’s to obtain licence / certifications of such product standards of national international agencies, reimbursement of the expenditure incurred will be provided to the applicants towards the first product being licensed, except the compulsory licences/ certifications , the official communication notes.

It may be recalled that the Ministry already runs a successful scheme for providing financial support to MSMEs for acquiring process standards such as ISO 9000.

Find alternative avenues for distribution of banknotes and coins: RBI

In furtherance of its decision to find alternative avenues for distribution of banknotes and coins, the Reserve Bank of India (RBI) advised banks to explore the possibility of engaging entities for the purpose.

In a communication to heads of all scheduled commercial banks including regional rural banks (RRBs), ‘‘With a view to effectively meeting the growing demand for banknotes and coins in the country, there is a need for identification of alternative avenues for their distribution by banks. For this purpose, banks may explore the possibility of offering these services through Business Correspondents (BC) and consider engaging the services of Cash in Transit (CIT) entities for the purpose of distribution of banknotes and coins, thereby addressing the last mile connectivity



issues,’’ the RBI said.

The central bank was referring to paragraph 110 of the Monetary Policy Statement 2013-14 - Distribution of Banknotes and Coins – Alternative Avenues.

The move is certainly pertinent as the common man finds it difficult to get currencies of different denominations as also coins. Local banks and ATMs do not offer choice with regard to banknotes.

Earlier in the month, in a circular the RBI has advised banks to explore the possibility of enlisting the services of BCs for carrying out the various currency management functions.

They were also asked to look into the feasibility of engaging the services of Cash in Transit (CIT) entities to distribute bank notes and coins.

Cheap loans for SMEs from NSIC-SBI

The National Small Industries Corporation (NSIC) may soon sign a pact with State Bank of India for providing affordable and easy credit to small-and medium-sized units.

NSIC currently has similar pacts with various public and private sector lenders, including YES

Bank, HSBC, Axis Bank, Union Bank of India and Central Bank of India.

Further the Ministry of Micro, Small and Medium Enterprises (MSME) is in the process of holding consultations with various banks to persuade them to improve flow of credit to small sector.

The Prime Minister's Task Force on MSMEs had recommended 20 per cent year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow.

However, most of these units still face problems in getting easy access to finance.

Incentives for SME exporters

Worried over widening current account deficit (CAD), the government is expected to soon announce incentives for exporters in SME sector to further boost the shipments.

The government is considering several initiatives, including increasing the rate of interest subsidy from 2 per cent at present and providing financial assistance for product designing and skill development, a senior Commerce Ministry official told a news agency.

“A committee headed by Finance Secretary R S Gujral would soon submit its report on the matter. The committee was formed to suggest ways to enhance exports from MSME sector,” the official said.

The share of MSMEs in the country's total exports was about 40 per cent.

However, the official said a mechanism is needed to be worked to prevent misuse of the high interest subsidy provision by the MSMEs.

India's exports entered the negative zone after a gap of four moths, recording a contraction of 1.1 per cent in May and leading to a trade deficit of \$20.0 billion, highest in the last seven months.

Increasing exports is necessary for bridging the CDA which has been estimated at 5 per cent of the GDP in 2012-13 as against the RBI's comfort level of 2.5 per cent.



No dilution on MSME sourcing for global retailers

The government has made it clear that it would not dilute any further the provision of 30 per cent mandatory sourcing of goods from the small scale sector by the global retailers wanting to enter India. The government assertion came after Wal-Mart decided to part ways with Bharti Enterprises and shelved its plan to set up retail stores in the country.

Secretary in the department of industrial policy and promotion, Saurabh Chandra has told media that the government policy “cannot be company specific.”

He said that the government has already provided for an enabling policy for FDI in retail under which global giants can bring in 51 per cent equity in multi-brand retail, subject to the rules of the game.

Rules of the game provide for sourcing of 30 per cent of the requirements from small industries.

While the government has already tweaked in some changes, it made it clear that no more dilution to meet each company’s requirement is possible.

Earlier, Commerce and Industries Minister, Anand Sharma had also heard similar views stating



that policies cannot be company specific.

Walmart Asia CEO, Scott Price had stated last week that the world’s largest retailer had formed a franchisee in retail with Bharti hoping the FDI policy will be freed-up.

The sourcing requirement was insisted in the backdrop of concerns that the entry of foreign retailers into India would adversely impact the employment among the small and micro units as also the neighbourhood kirana stores.

Rs 1000 cr for special textile package

The central government has approved a special textile package of Rs 1,000 crore to the state for setting up textile parks and skill development centres across the state and for reviving of nine spinning mills.

The move will help revitalise nine spinning mills and in converting cooperative loans given to beneficiaries into equity shares.

The state Textiles, Ports and Inland Water Transports Minister Baburao Chinchansoor yesterday

said in a statement in New Delhi that of the total amount, Rs 10 crore will be paid towards dues raised from state run banks to build the integrated textile park at Doddaballapur near Bangalore and to set up textile parks and skill development centres across the state.

The minister was in New Delhi to participate in the conference of state textile ministers.

Chinchansoor also said that a part of the grant will be used to increase minimum wage for poor

weavers, pay arrears of incentives and subsidies to investors.

The state textiles ministry has plans to set up an international textile park at Yadgir and a skill development centre at Gulbarga in the northeast region of the state with funds from the special package.

The funds will also be utilized in providing skill development training to the unemployed youth in the handloom and power loom sectors.

Speedup advances to small units

Timely and easy access to credit has always posed a problem to SMEs. To address the issue, MSME Minister, K H Muniyappa has called for a meeting of heads of Indian banks to find ways to speed up advances to MSMEs.

“The MSME Ministry is discussing ways to enhance the Credit Guarantee Scheme to meet the needs of a greater number of enterprises,” said a Confederation of Indian Industry (CII) press release, quoting Muniyappa.

The Minister was speaking at an inaugural session of the 10 th Global India Summit organised by CII, in association with the MSME Ministry.

Research and innovation are key to MSME global competitiveness, he said, adding, Indian MSMEs hold the key to job creation for a large number of young people who are entering the workforce.

Offering his views, Secretary, Ministry of MSME, Madhav Lal said that the sheer diversity of the MSME sector posed a big challenge to policy makers.

“Keeping this in view, the ministry is now attempting to introduce policies that meet the specific needs of MSMEs at different stages of their enterprise lifecycle. For instance, the finance and credit needs of an early stage enterprise are necessarily different from the needs of enterprises at a mature stage. Hence, policy interventions will be calibrated accordingly,” he said.

The MSME sector, according to him has seen two key trends over the last decade, “the unorganised segment of MSMEs has recorded eight times the growth of the organised segment, and 95 per cent of MSMEs are in the unorganised segment. This poses a big challenge to MSME policy makers.

“The other key trend is that MSME share of national GDP, manufacturing output and exports are declining, albeit slowly. This needs to be addressed on a war footing,” he said.

Indian MSMEs, Lal said, need an enabling ecosystem that helps them to tap the growing business opportunities in the global manufacturing space, referring to the global sourcing of auto components to illustrate how component manufacturers have benefited from the emerging global manufacturing value and production chains.

The Inter-Ministerial Committee (IMC) for accelerating manufacturing MSMEs, which Lal heads, has



KM Muniyappa

made 61 recommendations to the government, addressing issues such as lack of robust statistics on different areas of the sector. The challenge, he said lay in capturing MSME data in the informal segment.

CII and the Indian Institute of Foreign Trade (IIFT) signed a memorandum of understanding (MoU) for knowledge partnership in the presence of the minister.

Speaking on the occasion, Director, Indian Institute of Foreign Trade (IIFT), Surajit Mitra said that the MSME sector has the highest potential for employment generation, and the maximum scope for modernisation, export orientation and induction of technology and skills.

IIFT’s partnership with CII would focus on policy and procedural reforms for exports, training programmes for export management, online dissemination of information to MSMEs, national dialogue of MSMEs, development of sectoral training modules, and induction of technology and skills.

MSME sector needs key support from the government to address the issue of delayed payments, said Chairman, CII National Council on MSMEs and Chairman, Hi Tech Gears Ltd, Deep Kapuria, urging the government to increase the duration before after which MSME credit is declared by banks as NPAs from 90 days to 180 days.

Kapuria also asked the MSME Ministry to introduce steps for better implementation of the Public Procurement Policy for MSEs, revisit the definition of MSME segments the minister’s attention to tax issues concerning MSME exporters, such as, interest subvention and duty drawback.

India's apparel exports grow for the sixth consecutive month to 1.1 billion

Showing growth for the sixth consecutive month, India's apparel exports have increased by 14.9 per cent to USD 1.1 billion following good demands from the west.

This is the sixth consecutive month where apparel exports have grown, at an average of 13 per cent.

Also, the export-led employment grew by 6.5 per cent in April-June, according to the Labour Bureau Quarterly Reports July 2013.

Apparel Promotion Council of India (AEPC) has expressed happiness over the growth of apparel exports in September.

Lauding the efforts of the exporters, Chairman AEPC, A Sakthivel said, "We have organised fairs last month, we went to BSM New York and Spain and we got positive signals of revival of the economy in USA and EU."

"Requesting the government, to put exports in the priority sector which was accepted by the Padmanabhan Committee can solve the problem of credit crunch for the Industry," he added.

Sakthivel assured that with support of the government the target can be met.

Meanwhile, Commerce Secretary S R Rao had released the data for the month of September 2013.



Exports during September, 2013 were valued at USD 27679.33 million which was 11.15 per cent higher in dollar terms than the level of USD 24902.00 million during September, 2012.

Cumulative value of exports for the period April-September 2013-14 was USD 152105.40 million as against USD 144673.91 million, registering a growth of 5.14 per cent in dollar terms and

growth of 13.95 per cent in rupee terms over the same period last year.

Speaking about the trade data released yesterday, Sakthivel said that the lowest trade deficit in the last six month is good news. The good monsoon, positive manufacturing core sector and revival of the US economy can spin the game and exports may be very good this year, he added.

SIDBI Urges CRAs to Create Separate Grading Standards for MSMEs

Sushil Muhnot, Chairman and managing Director of SIDBI, has urged credit rating agencies (CRAs) to develop specific and separate product suites for MSMEs in an attempt to make all MSMEs 'Ratings Ready', a press release said.

Speaking at the National Conference by ASSOCHAM on Credit Ratings, Muhnot said that SIDBI is partnering with CRAs to make an independent assessment or grading of a loan proposal such that the banks get an assessed SME proposal helping them to significantly enhance their lending to this sector.

"CRAs have to develop specific yardsticks for MSMEs and move away from the rating modules primarily based on those for large corporates. A lot of developmental effort is called here to 'Make the Market' and 'Cluster Approach' is considered the most promising in this respect. SIDBI is currently working with all the credit rating agencies in this regard through its loan syndication services whereby accredited consultants prepare a project report which is then assessed by the rating agency. And once the



investment grade is received, it is then forwarded to banks for financing," said Muhnot.

Since the MSME sector needs both debt and equity to grow, CRAs can diversify into assessment and due diligence of proposals for venture capital, subordinate debt and other risk capital proposals. The government has recently created Rs. 5,000 crore India Opportunities Venture Fund with SIDBI for the purpose of such assessment and due diligence will help SIDBI while enhancing business opportunity for the CRAs.



Panjab Simplifies SME Functioning

The recently launched industrial policy by the Punjab Government took along various inducements for different sectors. It offers tax incentives and brightens industrialists' hope for better future.

Punjab, widely acknowledged as the "Granary of India" is all set to strengthen its economy by empowering the state Industrialists. In an initiative to encourage entrepreneurship in the state, the Punjab Government has started "Single Window System" for fulfilling approval formalities for setting up of any new industry.

With the setting up of this, the government has divided the state in different zones to facilitate equal growth. Panjab Deputy Chief Minister Sukhbir Singh Badal while announcing new Industrial Policy 2012, says, "We are committed to the overall growth of SMEs and MSMEs and all recommendations are drafted accordingly. We are offering various incentives and investments for promoting entrepreneurship in the state."

Simultaneously, many industrial bodies and industrialists described the new Industrialists described the new Industrial Policy as 'a forward looking step' which would redefine Punjab industrial progress in coming years.

AS Mittal, VC, International Tractor Limited, says, "I welcome government-proposed scheme as it will help all level industrialists in different ways. It opens doors for new units as well for the promotion of existing ones." Similarly, Pikender Pal Singh, Regional Director, CII-Northern region praises the state government for considering investment in sectors like consumer electronics, biosciences, micro-biotech and agro-based units.

Incentives by Zones:



There are approximately 600 large and medium industries and more than 0.2 million small scale industries functioning in the state, and the policy is trying to promote all of them. As per the policy, less-developed zone will have more incentives and developed zones will have fewer incentives. "By dividing industrial zones, especially keeping the border areas and designated industrial areas and focal points in priority zones is a welcome step.

This will promote Industrial growth and create a lot of new opportunities in border and other less-developed areas," says Jayant Davar, Chairman, CII-Northern region."

Moreover, the additional benefits will be provided for the industries that have base in Ferozepur, Tarn Taran, Fazilka, Amritsar, Pathankot, Gurdaspur, Hoshiarpur, Barnala, Sangrur, Mansa, Sri Muktsar Sahib, Bathinda and Faridkot.

However, more developed areas – Patiala, Fatehgarh Sahib, Ludhiana, Moga, Jalandhar, kapurthala, Shaheed Bhagat Singh Nagar (Nawanshahr), Rupanagar and Ajitgarh (Mohali)-will have less incentives.

Tax Incentives

The policy offers relaxations in VAT and CST, which will be a great help for enterprises to expand and create more opportunities in the state especially in Zone 1.

As per the policy, fiscal incentives being offered for 7-13 years with exempted VAT from minimum of 50 per cent to maximum of 80 per cent.

Eighty per cent of VAT incentive with 75 per cent of CST retention is only for new category of units with above Rs 500 crore fixed capital investment (FCI).

They will also enjoy 100 per cent exemption on stamp duty, electricity duty and property tax. Mittal says, "If we talk about our concern we are planning expansion with investment of over Rs. 100 crore. Deferment of VAT and CST as per limits available will help us in a great way."

Special Incentives

95% of existing industries in Punjab are small and medium. All development incentives will be provided in zones

- Less developed zone will have more incentives
- More developed zone will have fewer incentives

Liberal incentives are provided for:

- Integrated textile units
- Manufacturing sectors
- Agro and food processing sectors
- Electronic hardware and Information Technology sectors



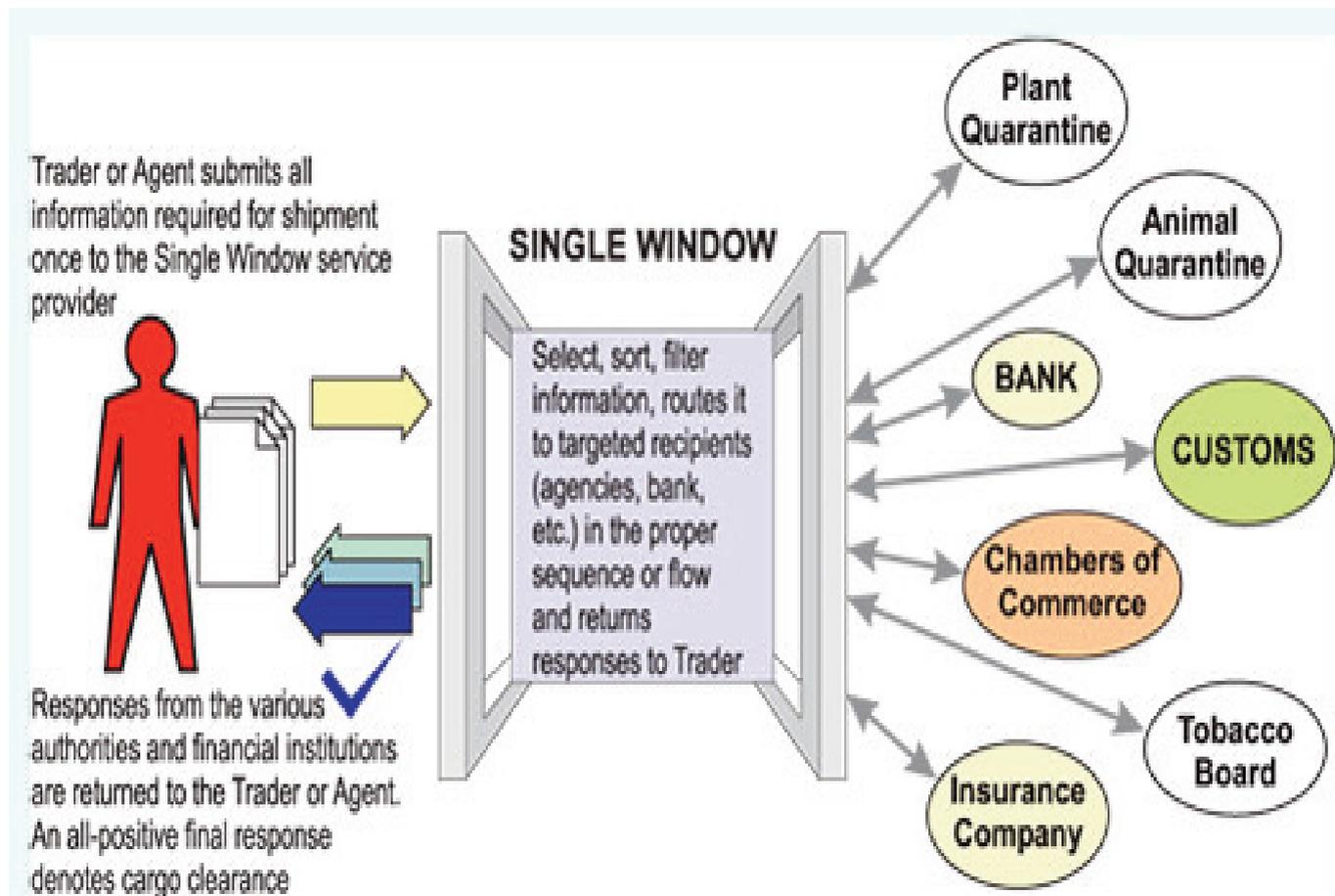
The new policy has announced liberal incentives for manufacturing sector units, integrated textile units, agro/food processing industries, electronic hardware and IT industry.

These incentives will enable secondary and tertiary sector contribution in Compound Annual Growth Rate (CAGR). They will also enhance the industrial contribution toward state CAGR.

Moreover, to develop industry infrastructure, the government is going to set up new industrial units across the state. The government has identified land that will be handed over to new entrants.

Sanjeev Pahwa, VC, CII Punjab State Council and MD, Ralson India Limited, appreciates the provisions of creation of land bank especially with Punjab Small Industries & Export Corporation Limited (PSIEC).

PSIEC has already identified 5,000 hectares of land. It will help in attracting mega investments and anchor units that will catalyze the further growth of MSMEs.



Facilitation Measures

Through this policy, the government tries to extend all possible help to entrepreneurs.

Announcements like third-party certification of building plans, and self-attestation will invite entrepreneurs to set up their infrastructure here.

Moreover, the announcement of single window system for approvals will give new life to start-ups and SMEs.

Other facilitation measures like online payments and application will maintain transparency in work flows.

DL Sharma, Chairman, CII Punjab State Council and Director Vardhman Textiles Limited, says, "Implementation of

the proposed simplified procedures and actual usage of IT for various applications and approvals will be the key to enhance 'ease of doing business' in Punjab. "He appreciates policy measures and hopes the measures will be implemented and monitored well.

Critical Analysis

Although the above mentioned incentives are quite appreciable, some industry analysts say that the policy has loopholes like no support for existing overtaxed industries. The policy should give equal opportunities to both new and existing industrialists.

They say that there are many

industries that are overburdened with high taxes, but the policy has nothing for them.

Mittal says, "The policy has no focus on the existing industries that are struggling to survive and planning to shift to neighboring states due to lack of incentive schemes." Moreover, the policy lacks specific subsidy to the medium industry.

Conclusion

In past few years, Punjab has seen a downfall in industrial development. Making a favorable policy is not enough but its implementation is very important to ensure the economic growth.



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- Provides all banking services to MSME units.
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- 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.

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THOUGHT PROVOKING

A start-up is a full-time commitment

With the launch of his best-selling book *Take Charge! Building on Entrepreneur Mindset*, Gaurav Marya, President, Franchise India, has initiated a dialogue with people wanting to imbibe the spirit of entrepreneurship

I am in the eleventh standard and quite good in my studies. So much so that I have twice received scholarship from my school and even help my classmates in their studies.

I was thinking of entering into coaching and tuition business but have no idea about that. Moreover, I have come across websites offering tuitions online. Can I do something around it that does not affect my grades as well?

The first enterprise I started was when I was still in engineering college. I set up a service that helped students travel abroad for their education. It is gratifying to learn that you are contemplating the start-up

path even through you are still in school.

It shows a level of confidence that will serve you well in the future. I will strongly advise you to start something on the lines of what you are contemplating, when you teach others you will find your own grasp over the subject becoming much more. I continue to be grateful to all my consultancy clients as I have learned tremendously from each one.

However, before committing to start a business, which will entail bigger involvement than your own teaching, I suggest you seriously consider your options. At this stage, your grades will suffer. I know because I dropped out of engineering college to focus on my entrepreneurship journey. A start-up is a full-time commitment.

Waste management has for long been an area of concern for me. I have started an NGO and we or-

The first enterprise I started was when I was still in engineering college. I set up a service that helped students travel abroad for their education. It is gratifying to learn that you are contemplating the start-up path even through you are still in school.



Gaurav Marya, President, Franchise India

ganize camps and workshops in various schools, colleges and RWAs on how to treat wastes. I want to take it ahead and start revenue generating activity on this issue. Please help me with your suggesting?

Waste management is typically seen as a service provided by the government, as part of the civic services. In the absence of the government and strict regulations, most people tackle waste management by just dumping waste wherever they can find it. Your project of raising awareness of the need to proper waste management is very creditable one. When we look for a revenue stream we need to see who will pay for the service we provide. Doubtless you can get

grants for the awareness programmes, but typically most grants are in the form of taking care of expenses and will not help in building assets or a corpus that will help in sustainable operations if not growth.

In commercial terms, waste management makes sense only if we see it in the context of an existing trend such as ecotourism or reducing carbon footprint.

Hotels are notorious for the high level of waste they generate, through your expertise in waste management you can advise hotels how to get into ecotourism by reducing the environmental impact caused by their waste. Alternatively, you can advise manufacturing companies on how they can reduce their carbon footprint by recycling and re-using materials. These are high growth areas from which you can generate revenue.

I heard about The Moving Cart, which is a start-up that serves food in a double-decker bus in Chennai and Mumbai thrice a day around the city. It sounds very exciting, and I want to bring that concept to Delhi-NCR. What do you think about this?

One of Steve Jobs most often repeated of quotes is: “Good artists copy, great artists steal.” Hence, it is fine if you are inspired by other people’s ideas. However, a simple cut-copy-paste will never work. You may steal the kernel of an idea (especially if Intellectual Property Rights permit) but you still need to put in a lot more work to make it successful. The problem with innovation is that the novelty quickly wears off. In essence not only does your value offering have to be novel, it also has to be of exceptional quality. Then the challenge is to keep the magic live for customers by continuously adding new elements. Too often entrepreneurs fall in love with a big idea that they forget the need for everyday innovation. So any advice is to keep your eyes open to “steal” more ideas collect them all, combine them, work on them, and finally, when you present them people will see it as your idea. After all, despite Steve Jobs admitting to stealing ideas, he is still considered the greatest innovator of our times.

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Waste management is typically seen as a service provided by the government, as part of the civic services. In the absence of the government and strict regulations, most people tackle waste management by just dumping waste wherever they can find it. Your project of raising awareness of the need to proper waste management is very creditable one.

For the last three years, I am running a service and repair centre, serving all brands of two wheelers. Business is stagnant, how can I grow?

The vehicle repair business in India will always be characterized by two types of business, firstly, the authorized service centres, and secondly, the stand-alone micro-enterprise that are often run by an owner mechanic. The days in which stand-alone multi-brand service centre can achieve growth are gone. Latching on to a particular brand and becoming a part of the service and repair network will easily meet the growth aspirations of a micro-entrepreneur.

A counter trend to this in car segment is Jagdish Khattar’s Carnation, which is a chain of multi-brand car service and repair workshops. The former Maruti Suzuki Managing Director’s entrepreneurial venture is trying to duck the trend and create a one-stop shop of car owners to buy new and old cars, service and repair them, and then sell used cars. Carnation is seeking to capitalize on the growing number of households that possess multi-brand cars and are looking for a single relationship for service and repair. This is a unique experiment the success of which seems likely because of the scale at which it has been conceived of. In the absence of scale, it is safer to join the service network of a brand, and build growth by opening multiple units.

SUCCESS STORY

A DELIVERY SPECIALIST

Delivery of goods, samples and important documents to the right place, at the right time and at the right price is essential for business. Large enterprise can afford to set up their own delivery systems. SMEs need to shop around for available services that are affordable.

DTDC has built a business in the delivery space while facing off competition from global delivery giants. Still they have now emerged as an Indian multinational providing end-to-end logistics and supply chain solutions. SME entrepreneur tracks how DTDC moved from courier to delivery solutions, and from desk to serving the enterprise, especially the SME.

Growing From Inception

When DTDC was started in 1990 by Subhashish Chakraborty, and for many years later, the core business has always been the courier segment. Within this segment the premium express business is what DTDC has been focusing on.

Expansion and growth was achieved by

In 1999-2000, DTDC made an entry into international business. Around the same period, it started carrying shipments from India to across the world. The UK and US are the first two countries where it established a base. From 2000 onwards, growth was powered by a combination of the express business in the national and international market.

widening the network. In 1999-2000, DTDC made an entry into international business. Around the same period, it started carrying shipments from India to across the world. The UK and US are the first two countries where it established a base. From 2000 onwards, growth was powered by a combination of the express business in the national and international market. Further expansion of the network occurred with locations like UAE and Dubai being added.

Some time in 2006, DTDC launched a premium segment within the express vertical, which is the fastest growing vertical today in DTDC. The service is a guaranteed time-bound delivery to both individual and institutional clients.

The Franchising Route to Expansion

The matrix of how DTDC has grown is through its partner network. While DTDC is a large organization having pan-India presence, a majority of it is built on its unique franchise business model. From its start in 1990 to the end of the last decade, it had around 6,500 channel partners, which have networked along with the business and are very much a part of DTDC.

The core vanilla express business is still the largest contributor in DTDC's revenue, contributing almost 60-55 per cent to the total turnover. Among all other segments, premium business is one of the largest one that contributes approximately 20 per cent to the turnover. But outside India, it is the retailing services that contribute the largest after that.

DTDC closed FY 2012-13 for Rs 540 crore. Its market capability though is much large since it operates through a channel partner network. The channel partners service these clients on their account so the actual market share of DTDC is one-and-a-half time what the company turnover is.

In the last 24 years, DTDC has not seen a non-profit making year. Despite turmoil, the dotcom boom and recession, DTDC's ability to build profits has been very strong.

It has the right financial mechanism to ensure whatever expansion it does, is not at the cost of running a profitable enterprise. Across 24 years, DTDC has been a zero debt company.

An International Entity

In the international market, DTDC set up its own subsidy units. In 2010-11, DTDC went on a big geographical expansion. It has now entered into a lot of new markets like Canada, South America, Africa and Kenya. It went to Singapore, China and Australia. In early 2010, DTDC formed a joint venture with the largest express operator in China. It also acquired one of the express companies in UAE, which is a part of the Eurostar Group (now known as DTDC Eurostar in UAE).

A Retail Network for Concierge Services

Around 2010, DTDC also realized that there was a latent demand where individual walk-in customers were looking for specific retail services, such as bill payments, mobile recharges and ticket buying, which are something they do not get access to very easily.

These are known as concierge services. In 2010, DTDC formed a separate entity, DTDC Retail Ltd, to focus purely on providing retail services to individual customers. These were in the form of neighborhood convenience stores where under one roof customers could find lots of business services and products. DTDC has 35 stores operational across the country under the DTDC New World brand.

e-Commerce Services

The eRetail space has also been ventured into with DTDC launching a subsidiary DTDC e-commerce Limited with the site – DotZot. This was launched earlier this year. DotZot.in focuses only on serving e-commerce and e-retail business. So, anybody who has an online business and looks out for a distribution and delivery of procurement support can use DotZot.

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Acquisition of Freight Business

In 2013, DTDC also acquired a freight forwarding business. The name of the company was Nikkos, and after acquisition, it has been renamed as DTDC Nikkos International Pvt Ltd. With this acquisition, DTDC has added global freight forwarding capabilities to its business.

Courier to Complete Logistics

With all the various segments coming together-expanded network, value added services, e-commerce, DTDC finally took the plunge and has now emerged as a complete end-to-end logistics solutions company.

Going forward, DTDC aims at having each of the business entity to become a large company in itself. That will be the real growth as a group.

“DTDC will expand geographically, and we want to give a complete offering to our clients, both small and big firms. We have solutions from vanilla to unique,” says Abhishek Chakraborty, son of Subhashish Chakraborty



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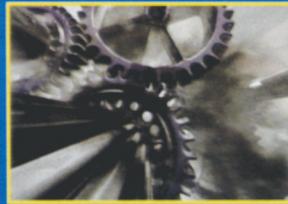


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