



Policies and Perspectives for Sustainable

MSMEs

ICSA, Hyderabad Chapter

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www.tihcl.telangana.gov.in

We Founded on Faith.....

RELEVANCE



- ❖ **COMPETITIVENESS OF MSMEs EDGING ON OUTSOURCING**
- ❖ **Challenges & opportunities**
- ❖ **Govt YET TO BRACE UP WITH REALITIES TO TAKE UP TIMELY INITIATIVES AKIN TO GLOBAL SME ENVIRONMENT**
- ❖ **Subsidies & grants are fast losing their relevance**
- ❖ **Congenial environment for vertical & horizontal growth should concern the regulator**

AT THE COST OF REPETITION

Appropriate policies for providing

- ❖ Infrastructure
- ❖ Marketing support
- ❖ Efficient & effective credit delivery systems
- ❖ Bankruptcy laws & insolvency procedures
- ❖ Rules for the MSMED act 2006 need to be relooked.
- ❖ Redefine micro & small enterprises
- ❖ MSEFC and delayed payments need a different approach

INFRASTRUCTURE



- ❖ Though a state subject, zonation could be mandated
- ❖ Product & price competitiveness as also level playing field depends on provision of electricity, water, drainage, CETPs at the doorstep of the small enterprises at affordable costs & globally competitive levels
- ❖ STATES SHOULD REVAMP DICs AS DYNAMIC INDUSTRIAL CENTRES WITH CLEAR DELIVERABLES

MARKETING SUPPORTS

- ❖ NSIC has to liberalise its systems & procedures to provide its services to at least 60% of the units as against <10% now
- ❖ Brand equity fund should be established with transparent rules for its access
- ❖ Budget for market support to fairs & exhibitions should be more and releases should be fast and liberal
- ❖ Several existing facilitating G.Os **not** being implemented
- ❖ Market Development Assistance Scheme for MSMEs/ Small & Micro exporters (MSME-MDA): Funds for:
 - ❖ 1. Participation by manufacturing SMEs in International Trade Fairs/ Exhibitions under MSME India stall.
 - ❖ 2. Sector specific market studies by Industry Associations/ Export Promotion Councils/ Federation of Indian Export Organisation.
 - ❖ 3. Initiating/ contesting anti-dumping cases by MSME Associations and
 - ❖ 4. Reimbursement of 75% of one time registration fee (w.e.f. 1st January 2002) and 75% of annual fees (recurring) (w.e.f. 1st June 2007) paid to GSI (Formerly EAN India) by Small & Micro units for the first three years for bar code.
- ❖ Procedures require reengineering after a thorough study

CREDIT – A VEXATIOUS PROBLEM



- ❖ Make **RBI** guidelines mandatory
- ❖ All collateralized loans should be at interest rates on par with mortgage loans
- ❖ Establish 'movable asset' registry that facilitates movables as collateral for enhanced working capital.
- ❖ Rest should be at 2% less than the benchmarked PLR
- ❖ Rehabilitation should be within an year of falling sick. Dead bodies cannot breath oxygen
- ❖ Banks not adhering to mandatory instructions should be imposed certain sanctions

REDEFINE NPAs

- ❖ Bills accepted by payee but remaining unpaid within due date should be put in separate account of the lending bank and such overdues should not be reckoned for as NPAs if they are drawn on GOVT DEPTS and PSUs.
- ❖ Recovery should be thru application of RR act of the concerned state govt either by the bank or the GM, DIC
- ❖ IBC code should be specific for the MSEs where the resolution mechanism should be below 180 days.
- ❖ Redefine NPAs for MSEs threshold at 180days.

JOURNEY THUS FAR



- ❖ Hon'ble Minister 20 months ago presented the status of MSMEs in Telangana to the RBI & sought support to TIHC
- ❖ 7th June 2017: TIHCL set up as Company and logo and website launched
- ❖ Advisory and Consultancy Services Commenced
- ❖ September 2017: Clarifications on NBFC Application provided to the RBI
- ❖ NBFC approval received as New Year Gift 2018



VISION & MISSION

VISION

To help, build and develop sustainable entrepreneurial and healthy eco-system across the life cycle of MSEs

MISSION

To Guide, Mentor & Support MSEs towards success

VALUES

Dharma (Righteousness)

Loka Sangraha (Public Good)

Kaushalyam (Skill & Efficiency)

VaiVidhyatha (Innovation)

Jignasa (Learning)

OUR CUSTOMERS

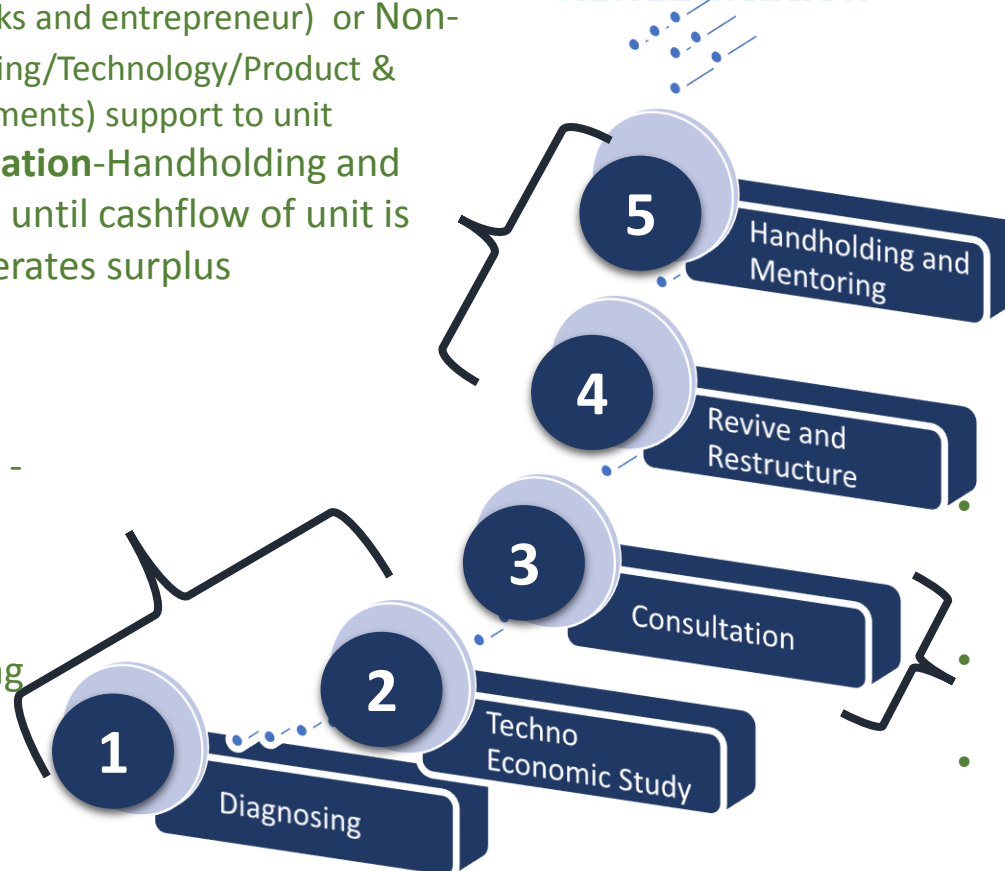


Sick Units; Closed Units; Incipient Sick Units; Struggling Units;

Revival & Rehabilitation

- **Medication-** monetary (suitable matching contribution by banks and entrepreneur) or Non-Monetary (Marketing/Technology/Product & Operations Requirements) support to unit
- **Courses of Medication-** Handholding and mentoring of unit until cashflow of unit is positive and generates surplus

- **Diagnosis by Experts-** Ascertain entrepreneur - Willful Defaulter /Non-Willful Defaulter.
- Conducting **TEV study** meticulously considering various aspect of units



- **Curable/prevent** – ascertain if unit viable or not
- **Causes for sickness**
- **Prescription for problems- Solutions**

Diagnostic Tool – Man machine tool ; Fintech System ; Monterey and Non-Monetary support

OUR PRODUCTS



- ❖ Rediscounting delayed bills drawn on PSUs/Governments
- ❖ Grant support for TEV study Rs.50000
- ❖ Margin up to 25% of the revival package
- ❖ Margin money up to 20% (Rs.5lakhs) to manufacturing
- ❖ Micro Startups in clusters
- ❖ **All at Soft Rates of Interest**
- ❖ Low Key Product
- ❖ Support to the profitable SMEs wanting to go to bourses up to Rs.50lakhs per enterprise – no more than 10 per annum

Direct Benefits

- ⑩ Prevents/eliminates Sickness
- ⑩ Easy Credit for MSEs Units
- ⑩ Diagnosis and problem Resolution by experts.
- ⑩ Low Interest Rate
- ⑩ Expansion with equity support
- ⑩ Elimination of Credit Gap
- ⑩ Risk mitigation

Indirect Benefits

- ⑩ Innovative approach
- ⑩ Industrial growth
- ⑩ Employment Generation
- ⑩ TIHCL acts as insurance to the Micro Units for growth

STRATEGIES



- Faster Turnaround time with adoption of technology
- Wider range of services encompassing for growth cycle of MSE
- Zero fraud in operational cycle
- Simple and transparent Process
- Focused on credit facilities and reviving of Sick units



People

- 1. Visionary Leadership team
- 2. Hire expertise Consultants
- 3. People with passion about MSEs

Services



Technology

- Go Fintech way by adapting advance technology
- Go paper less
- Use data mart/ analytics for superior deaccessioning / output
- Right mix of Centralized and Decentralized process.



THE CORPUS



Our Corpus

- Rs.100crores initially
- Government of Telangana – Rs.10cr
- Grant in Aid from GOI – Rs.50crore

MSME s

- 1% of the Funded sanction limit with Minimum of Rs.10000 and maximum of Rs.2lakhs;

Banks & Financial Institutions

- Preferably Rs.500lakhs and above

Individual Investors

- Minimum Rs.One lakh;

Assured Yield of 7% to the investors after 3 year lock in period

INSTITUTIONAL INNOVATION



❖ TELANGANA INDUSTRIAL HEALTH CLINIC Ltd

<https://www.tihcl.telangana.gov.in>

- ❖ Ministry of finance and RBI should classify investments in such institutions as equal to priority sector status as they would be only co-financing and not financing or refinancing institutions.
- ❖ This will hedge the riskiness of MSE portfolio
- ❖ Transparency & accountability, speed of delivery define the processes and delivery

WE EXPECT



- ❖ Banks and FIs to partner with us:
 - ❖ In revival and restructure – MOUs
 - ❖ 2nd Charge on Collaterals for revived enterprises
 - ❖ Pay nominal handholding charges to take care of the Compliance Risk
 - ❖ Invest with TIHCL and partner in State Industrial Growth.
 - ❖ Associations with a Minimum of Rs.5lakhs
 - ❖ Individuals with a Minimum of Rs.1lakh

Yield of 7% per annum with a lock in period of 3years

- ❖ **We provide**
 - ❖ **TIME**
 - ❖ **ENERGY and EFFICIENCY**
 - ❖ **ATTENTION**

SKOCH PLATINUM AWARD 2017



PARADIGM SHIFT THROUGH



3 Phase Efforts – 5 Years – Rs.30 Mns

SAMVĀDH	SAHĀI	MANTHAN	PRAMĀN	ABHYĀSA
<ul style="list-style-type: none">• Interactive Mobile app to seek services and strategies from the Clinic.	<ul style="list-style-type: none">• Artificial Intelligence web system• Insightful framework• Behavior tracking• Right Solution	<ul style="list-style-type: none">• Research Based Diagnostic Tool	<ul style="list-style-type: none">• Credit Rating Tool for New and existing MSEs	<ul style="list-style-type: none">• Conceptual Library

BUILDING 'MSE' MFG COMPETENCE SUSTAINABLY

BOARD OF DIRECTORS



1. Jayesh Ranjan, I.A.S., Principal Secretary (I&C)
2. Nadeem Ahmed, I.A.S., Commissioner of Industries
3. E.V. Naarasimha Reddy, JMD, TSIDC
4. Dr. B. Yerram Raju, Adviser, SME Expert & former Dean, ASCI
5. Dr. N. Krishna Mohan, Retd Banking Ombudsman, RBI
6. Mrs. B. Kinnera Murthy, Former Dean, ASCI
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8. A. Srinivasa Rao, Former MD, APITCO
9. M. Sanjaya, CEO and former GM (RPCD), RBI
10. G. Srinivas, CA, President, FTAPCCI



INDIA'S PIONEERING FINTECH DRIVEN NBFC FOR REVIVAL & REHABILITATION OF MSE'S

RANKED NO.1 STATE 2016
EODB
EASE OF DOING BUSINESS

REVIVAL CONSULTANCY

LOAN FACILITATION

MANAGEMENT

BILL
DISCOUNTING

FACILITY EXPANSION

**Stressed Asset Resolution is not a
charity but a viable business
proposition.**

Thank You

