



Future-ready



Future-ready

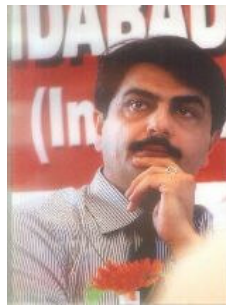


Future-ready.

Faridabad Small Industries Association

The face of Modern Indian MSMEs

2008- The Year of “Test of Fire” for Faridabad Industries



- Rajive Chawla
President, Faridabad Small Industries Association

16.10.2008

Whenever future generations engaged in business or management shall sit down to review and evaluate their performances and to draw further business strategies, they shall look back in history and find the year 2008 as landmark year of change in Indian economy and industry in post-independence India.

2008 has been ***the year of “Test of fire”*** for our Industries. Almost the same way that a CBSE student takes the Board Examination in Class XII. This year would rank our performances on global basis, not just on the basis of our ranking in same Class or same school. Results of this year shall decide whether we continue, change or perish... exactly the way Class XII results decide what stream a student enrolls in, a decision which shall become irreversible in future years. This year shall change us all forever. Whether for good or bad, depends upon how we fare in this year.

Contd....2

The year brought with itself **steep hikes in prices of all raw materials** from metals to plastics. Steel prices have seen five major revisions. Plastics have seen 14 revisions till October. Cut-throat competition and price sensitivity ensured that sale prices remain under check giving zero flexibility in prices. So a 100cc world-class bike still sells at Rs.30,000/-. Maruti 800 maintains its entry-level at Rs.2.25lacs. This trend ensured strong resistance by OEMs and auto-majors to pass on the increase in rising costs to customers. Thus bottomlines of all, I repeat, all industries in the sector have been badly hit.

Add to this the **inflation** crossing 12% mark, rising **fuel prices**, fluctuating **\$ rates**, rising **wages and salaries**. In a bid to reign in the inflation by tightening money supply, RBI increased **CRR** upto record 9%, the highest in last more than 10 years. Industries face acute credit and cash crunch. **Interest rates** are moving northwards, with PLRs crossing 13% in case of most of the nationalized banks. How much can one earn in an year from Rs.1 lac loan that after taking care of all expenses, salaries, wages, electricity, maintenance, taxes and depreciation, one must be able to give Rs.13,500/- to bank as interest and then only dream of surplus profit.

Power shortages in the state touched peak of 17 hours of cut on industries in the beginning of the year. Even in the best times this year, the power-cuts average at 8 hours a day. It is darkening all lives and carbonizing our lungs alongside burning huge holes in our pockets on account of rising fuel costs.

Turbulence in US Financial markets has seen global reverberations, bringing down Sensex to lowest in two years. Indian Rupee is weakest in five years against US \$ at Rs.48+. Next six months are crucial as govt. is expected to take many remedial and corrective hit and trial measures to rejuvenate economy. RBI has announced CRR cut by 2.5%, down from peak 9% to 6.5%, thereby infusing Rs.1 lac crore into the market. Realty is down; Job-scare faces Airline Employees; BPO, IT sectors face similar situation. Deep fears of recession stare.

However, not all is gloom. Municipal Corporation of Faridabad has announced a Rs.50crore plan to repair all roads in industrial areas. MCF recommended Karkhana Bagh industrial area for regularization. Extensive survey undertaken by Faridabad Small Industries Association has identified and recommended for regularisation 10 non-conforming industrial areas covering 4000 industries. If accepted by MCF and the Govt, it should give a new lease of life to the areas.

Acquisition of 1800 acres of the proposed Industrial Model Township (IMT) has entered the last phase. This project alongwith KMP Expressway are HSIIDC's two biggest boosts to industrial growth in our city and our newly born brother district Palwal carved out of Faridabad on 15th August this year.

Govt. of Haryana declared the Prithla- Tatarpur-Dudhola belt as Industrial Zone thus paving way for CLUs. More than 100 industries have started functioning in this belt. Many more are on the way. Govt. has also opened licences to private builders to develop approved industrial sectors and colonies. This has opened up new vistas. With private builders acting fast, the entire belt of Ballabgarh, Sector 25, 58, 59, JCB shall soon be the biggest industrial belt extending upto Prithla Zone. Frantic buying and booking activities for industrial plots are on, indicating high level of growth prospects and confidence of investors and industrialists. ***This is future-zone.***

Govt. of Haryana has announced that industries on **Mathura Road** are open to change to IT Parks, Commercial Centres, Malls etc. This may soon change the entire stretch of NH2 from Delhi Border to Palwal and beyond.

The city created history on 26th September. The largest ever Chapter **Convention of Quality Circles**, "CCQC-08" was held at Hotel Rajhans, Surajkund with participation of 82 industries, 115 teams, totaling 1300 plus delegates. It was organized by Quality Circle Forum of India, Delhi Chapter and strongly supported by Faridabad Small Industries Association.

FSIA launched special **cluster for 40 auto-component** and light engineering industries funded by German Technical Cooperation (gtz) developing them as world class SMEs and providing marketing tie-ups.

Factory Improvement Programme implemented by FSIA jointly with International Labour Organisation (ILO) and funded by Swiss Government for two clusters in Faridabad completed successfully. ILO nominated the author, Rajive Chawla, President FSIA, as its Ambassador for Factory Improvement Programme to promote it nationwide.

In the Key-note address I delivered at the recently concluded "Dun & Bradstreet-Fullerton SME Awards for the Year-2008" at The Leela Kempinsky, Mumbai, I unveiled a 10 point programme as "***Ten Steps to Success for Indian SMEs***". The plan has received wide acclaims and raging reviews. I hope it charts a new roadmap for the policy makers and Industry Associations across the nation to strengthen MSMEs.

Two leading Institutions are in discussions with FSIA to set up a world-class Institution focusing on Entrepreneurship and MSME Development. It is envisaged to be a unique combination of Vocational, Engineering, Business Management, Entrepreneurship Skills, R&D and nodal-center for Skill and Cluster Development Programmes.

-4-

FSIA has further set up a unique Chapter with BYST to enable young, new entrepreneurs start their own ventures and become self-employed. FSIA shall evaluate and study the project/ business idea and shall help the aspiring entrepreneur in Project Report and preliminary work. FSIA shall provide an established industrialist as a “Mentor” to the entrepreneur so as to advise and guide in implementation of the project for the initial period of two years. Bank of Baroda has agreed to provide loans upto Rs.10 lacs to such projects without any collateral security or guarantee.

FSIA has truly emerged as “*The Face of Modern Indian SMEs*”, helping Indian entrepreneurs become “*future-ready*”.

Challenges in business are here to stay and to harden further. There is no escape. No easy solutions. No simple answers. We must prepare ourselves to overcome. That’s what perhaps the entrepreneurship is all about. Opportunities of the world are for those who accept the challenges and set out to sail in high seas and to explore where others fear to tread.

Rajive Chawla

President

Faridabad Small Industries Association

FSIA Park, Opp. Plot No. 23, Sector-24,

Faridabad-121005, Haryana

Fax: 0129-4055501

fsiaindia@gmail.com

rajivchawlaindia@yahoo.com