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IND-SIGHT

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To be the voice of the industrial community and the lead resource for information, education, networking and commercial opportunities for member enterprises.

MISSION

To facilitate industrial growth while balancing socio-economic environment in Dakshina Kannada district. Facilitate ongoing networking, communications and commercial opportunities for the members. Provide members with the highest quality, industry-specific, relevant information. Ensure the finest infrastructural development and facilities with a futuristic edge. Be the most widely accepted resource for knowledge and standards regarding professional business practices. Promote research, development and production in the field of science and technology.

IND-SPEAK

We have approached the end of the financial year and entered a new one. We wish the readers a very happy and a prosperous new FY 2023-24. We hope the new financial year helps all the MSME's generate more employments, income and help contribute further to the nations GDP.

For all our finance teams, March brings all the bad memories and miseries from the annoyances of computing the income earned during the fiscal year, to the nightmare of auditors and taxmen tracking the files, books and the interest payments missed in filing the advance taxes. It seems like we never get pardoned and even genuine mistakes attract penalties.

Why do we need to close our accounts in March? Does it date back to the British era which we are promptly continuing? Is it because of the approximate beginning of "Vaishakha" as per the Indian calendar? Or is it copied from some other ancient tradition? On digging further, it was found to be a combination of all the above along with the agricultural system where some of the maximum harvests were expected between January and March. But is this really true? Or are we following a proclaimed diktat, still chained by our foreign rulers? Maybe it is something to ponder about. In any case, we just need to follow the set deadlines and ask no questions, right?

On another note, we believe that our newsletter issues are slowly gaining popularity in the Industrial region and wish to remain doing so

by providing relevant content to its readers. In this edition of the newsletter, we have mainly touched upon the awareness of legal support for MSME's. Although MSME's contribute to almost 1/3rd of India's GDP, many are unaware of the various legal support provisions available. The article highlights some of the frequent legal issues but delves deeper into the issues of delayed payments and the support available for the MSME's in regards to the same.

Further, we have the Industrial Premier League coming up and wish all contestants and teams the very best. It is the first time that a cricket event of this magnitude is being organised by KIA. It is an opportunity for all Industry members to get together and display their leadership qualities and dynamic team spirits.

In addition, we request more contributions from our readers, members and non-members in terms of articles and sponsorships to also help the editorial committee take the edition to a higher level.



Regards,
Sharath Ravi
Co-editor of the Editorial Cell

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KALBAVI CASHEWS - Mangalore's Cashew Processing Maestro



Kalbavi Cashews was established on Mayday (Labour day) -1st May 1987 and has been providing gainful and uninterrupted employment to over 350 women, 365 days a year. In its 35 years of existence, it has supported thousands of families who had people unemployable in other sectors and also, being an Agro based industry has helped the livelihood of several farmers in the region.

It began its journey as a 100% labour intensive factory with the entire operations being manual in nature. It was low on power and high on labour. However, in the last five years, it has switched over to mechanized processing and today with its state-of-the-art manufacturing facility spread

over 2.5 acres of industrial land, it is fully mechanized and has managed to scale up its operations by over 10 times using this mechanization and automation route. However, it proudly declares that not even a single employee was retrenched in the process of automation and on the contrary has added more employees to scale its operations.

The Industry is geared up to meet the challenges of food processing industry in terms of consistency in quality and taking utmost care to ensure it meets all the food safety standards in its manufacturing unit. With its strong team to ensure food safety, the company has to its credit the quality certifications under FSSC 22000 and also is one of the first ZED certified units from this region.

Apart from its manufacturing prowess, the industry is also ECO-FRIENDLY and has a 400 KW solar Roof top power generation and also has managed 100% water harvesting in its production facility.

Today, "Kalbavi" brand of products are not only available at all the modern retail stores across pan India but also available on

all the major E-Commerce websites like Amazon, Flipkart and Jio-mart. The Industry is also a biggest aggregator of broken grades for the sweet meat industry and is a major supplier to all the big brands in this sector.

Kalbavi Cashews has successfully overcome all the challenges of operations during Covid-19 and has even started operating in 2 shifts since then. Kalbavi cashews is striving to be a leading brand in its category and has launched several value-added products to its line. They are currently preparing over 15 different flavored cashews which has been well received in the market.



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MSMEs: The Need for Legal support especially in Delayed Payments.



Contributing 30% to India's GDP and 49% of India's exports, 6.3 crore micro, small and medium enterprises (MSMEs) provide employment to 21% of India's workforce

translating into 11.1 crore jobs. MSMEs are a crucial contributor to the Indian economy through rural industrialisation, entrepreneurship and economic empowerment. However, despite this, they face several financial, legal and compliance constraints to keep their ship afloat.

Frequent Legal Issues

In terms of legal support, any MSME entrepreneur will state that the main issue faced is the lack of knowledge of whether the enterprise stands on the right side of the law. The lack of awareness on legal issues and keeping up with the complicated Indian legal landscape is itself a challenge. Some of the legal issues are noted below:

- ❖ Maintaining many licenses, registrations, approvals, and reporting standards.
- ❖ Keeping up with the emerging laws, amendments and notifications while adhering to numerous rules due to a lack of resources and time.
- ❖ Protecting their intellectual properties and ensuring that there is no case of infringement and obtaining swift

certification for patent registrations, trade name registrations or trademark copyright.

❖ Drafting and negotiating robust and beneficial business contracts with vendors, clients as well as financial institutions.

The points listed above are not exhaustive, as there can be other issues varying with the type of product/business of these enterprises. This article will delve in detail regarding the dire consequences of delayed payments faced by MSMEs and legal support available to them in such instances.

Delayed payments

MSMEs continue to face serious issues and disputes relating to delayed payments that choke cash flows and push many towards the brink of insolvency. Almost every organization faces the problem of delayed realization of their bills. This leads to excessive financial constraints which is one of the key reasons for their successive failure. A large number of MSMEs are ancillary units catering to the needs of large industries, both in the public and private sector. They often face the problem of delayed payments, affecting their cash flow and working capital availability. Most of the time, delay in realisation of such receivables increases their operating cycle and reduces their ability to procure new orders or fulfil the existing ones.

A recent report by the Global Alliance for Mass Entrepreneurship (GAME), Dun & Bradstreet and Omidyar Network India reveals that INR 10.7 lakh crore is locked up in delayed payments from buyers to

MSMEs. 80% of the annual delayed payments amounting to a whopping ₹8.73 lakh crore were owed to micro and small suppliers. Interestingly, 72.4 per cent of such instances can be avoided provided there is an effective and efficient way to tackle the menace of delayed payments.

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 contains provisions to cushion the entrepreneur in cases of delayed payments by the buyers. However, weak bargaining power, fear of losing the business and mostly, the lack of awareness as to how to use these provisions to ones benefit prevents MSMEs to invoke this provision.

According to Section 16 of the MSME Act, 2006, if the buyer fails to make payment of the amount to the supplier within 45 days of the sale, he shall be liable to pay compound interest with monthly interest to the supplier on the amount from the appointed day or, on the date agreed on, at three times the bank rate, as notified by the Reserve Bank of India. In case of dispute with regards to any amount due, a reference shall be made to the Micro and Small Enterprises Facilitation Council, constituted by the respective State Government.

If the appellant filing the case is not a supplier and still wishes to file an appeal, he/she must set aside 75% of the award amount before the court begins deciding any such case.

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As per sections 20 and 21 of the Act, State Governments must establish Micro and Small Enterprise Facilitation Council (MSEFC) for the settlement of disputes for the filing of delayed payments. Any MSME with a valid Udyog Aadhar (UAM) or Udyam Registration can apply for such facilitation. Any supplier suffering from delayed payments can approach the MSEFC by accessing the Samaadhaan portal (<https://samadhaan.msme.gov.in/>) launched by the government online. Every reference made to the MSEFC shall be

adjudicated within 90 days from the date of making such a reference. The provisions of this Act are implemented by the MSEFC which is chaired by the Director of Industries of the respective State/UT.

Conclusion

The problem of delayed payments is just one example of the several aspects in which the MSME community needs to lean on the support of the legal fraternity. It has become imperative for these companies to seek assistance from lawyers. For such a reason, it is important to realize the areas

where lawyers can help these companies. To create awareness among these enterprises about the need for staying legally compliant, a joint effort from the government and legal fraternity is required. This will highlight the areas where legal support can be sought from the MSMEs, with the aim of providing cost-effective solutions. This will be a noteworthy step in furtherance of the government's efforts to smoothen the pathway of progress for MSMEs in India while reducing the challenge of regulatory compliance concerns.

*- Sulaj Kini
Past Secretary, KIA*



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