

TECHNOLOGY AND MACHINERY

Choices of process technology emerge once the product is finalized. For some complex products, process know how has to be imported. In such cases agreements for technology transfer should be made with due care to safeguard interest. A lot of appropriate technology is being developed at CSIR and Defense Research Labs and some of this technology can now be bought. Indigenously developed process know-how has intrinsic benefits such as appropriateness and relative inexpensiveness.

While checking out on a process technology, the following things need to be considered with utmost care:

- 1) Whether process requires very high level of skilled workers or complex machines?
- 2) Whether process requires large quantities of water and/or power?
- 3) Whether any process or product patent needs to be honored while utilizing the selected process technology.
- 4) Any special pollution or environmental regulations.
- 5) Finally, the appropriateness to the Indian environment and conditions. Machinery and equipment

One of the major deficiencies in the micro, small and medium enterprises scenario is the prevalence of outdated production and management methods hindering the efficient operation of micro, small and medium-scale units. It was also found that the most important reason for the reluctance of the small industrialists to install modern machinery and equipment was the lack of investible funds. The main objective of National micro, small and medium enterprises (NMSME) is to provide machinery and equipment to small industrial units offering them long repayment period with moderate rate of interest.

NSIC procedures for hire purchase of machinery

- 1) The hire purchase application is to be made on the prescribed form.
- 2) The Director of Industries of the State under whose jurisdiction the applicant falls, forwards the application to the head office of the NSIC at Delhi with his recommendation and comments.
- 3) All applications for indigenous or imported machines are considered by acceptance committees comprising of the representatives of the Chief Controller of Imports, Development Commissioner, micro, small and medium enterprises and other concerned departments.
- 4) Decision of these committees is conveyed to the parties concerned with copies to the regional offices of the NSIC and the concerned Directorate of Industries.
- 5) Once all these formalities are completed by the hirer, instructions are sent to the suppliers to dispatch the consignment (duly insured for transit risk) to the hirer and to send the R/R or C/R as the case may be, to the regional office
- 6) The NSIC after ensuring that all dues have been paid by the hirer, releases the R/R or C/R to him for taking delivery of the machines.
- 7) In case of imported machines, the procedure is slightly different in as much as the shipping documents are sent to the clearing agents for clearing the consignment from the Customs and dispatching it to the hirer.

Value of machines that can be supplied

Rs. 7.5 Lacs, F.O.R. or landed cost as the case may be.

Earnest Money

5% or 10% of the value of machinery depending on whether the equipment is imported or indigenous. In the case of furnaces and a few other items of equipment, the rate of earnest money is different. Interest 9 per cent per annum with a rebate of 2 per cent on prompt payment. This interest is calculated on the value of machines outstanding after deducting payment of earnest money.

Administrative Charge

2 per cent on the sales value of machines and its recovery by the NSIC is spread over the total installment period.

Period of Repayment

The value of the machines, after deducting the earnest money received, called the Balance Value, is payable alongwith interest and administrative charge in 7 years.

- The first installment is payable after one year and six months from the delivery of machines
- The second and subsequent installment are payable half-yearly thereafter.

Gestation Period

In case of certain type of machines which become operative immediately on installation in the service sector industries and job order establishment, a gestation period of only 6 months shall be allowed both to the new and existing units.

A rebate of 2% per annum is allowed on the interest rates, in case an installment is paid on or before the due date.

In case the payment of installment is not made within one month of the specified due date, interest @ 2% per annum over and above the normal rate is charged on the defaulted amount from the date of default to the date of actual payment. Remission in interests is allowed in case one or more than one installment is paid in advance of the due date(s).