

SBI loan product for pharma SMEs

To meet mandatory green norms

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The Small and Medium Enterprises (SMEs) in pharmaceuticals industry can now look forward to financial assistance to meet the mandatory environmental norms, thanks to an exclusive term loan product being offered by the State Bank of India (SBI).

All the bulk drug manufacturers should ensure compliance to 'Schedule M' (for clearance from environmental authorities).

This is also important for other certifications from US Food and Drug Administration (US FDA) and Good Manufacturing Practices (GMP) required for exports.

ANDHRA PILOT

"We have just launched the product on a pilot basis in Andhra Pradesh in view of the large number of pharma companies here. The extension of the product to other places will be examined later," Mr Simon Fernandez, Deputy General Manager (SMEs), State Bank of India told *Business Line* here.

The term loan would also help SME drug manufacturers

to fulfil the eco norms for up gradation of their capacities, and it is the first time that a major bank has launched an exclusive loan for meeting these requirements.

It increases the repayment period by two years i.e. longer repayment period with moratorium of 2 years as it takes normally 18-24 months to get the quality certification and comes with a lower margin (10) per cent from the clients, he added.

GERMAN COLLABORATION

The design and launch of the product was done by SBI in collaboration with the German Technical Corporation (GTZ).

"This is a very crucial offer for the bulk drug industry. The cost of schedule M/Gmp compliance varies among units based on their current level of infrastructure and is estimated to vary between Rs 40 lakh to Rs 1.5 crore.

"Similar is the case with up-gradation of pollution control equipment. Most of the units need to upgrade their PCEs to meet the current standards," Mr N. Gurumurthy, Project Manager (Financial Services), GTZ said.