

Smaller units on the verge of turning sick in Andhra Pradesh

ITISHREE SAMAL
Hyderabad

THE UNSCHEDULED power cuts on a daily basis, coupled with the State Road Transport Corporation strike for the past four weeks and the ongoing *bandh* in Andhra Pradesh, are adversely impacting the small units in the state. Some of these are on the verge of turning sick.

Some 35,000 micro, small and medium enterprises (MSMEs) operate in the twin cities of Hyderabad and Secunderabad, employing around 600,000 workers. Of the total, small enterprises comprise around 70 per cent and micro enterprises 20 per cent, while the rest are medium enterprises.

“Due to the current three-day power holiday and four-hour power cut everyday, MSMEs in the state are losing almost nine hours of work per day. Most of the small-scale industries do not have a power back-up. And once the power supply is restored, it takes them around five hours to start work. This results in only 15 hours of production per week,” said B Hanumantha Rao, president of the Federation of Andhra Pradesh Small Industries Associations (Fapsia).

The units are finding it difficult to source raw material and deliver the output due to the transportation strike, which is also resulting in worker absenteeism, thereby affecting production.

When there is turbulence,

the industry gets affected in two ways — employees do not come to work (as most SME employees are contract labourers and daily wage

THE ONGOING BANDH, POWER CUTS AND the State Road Transport Corporation strike has led to MSMEs incurring a loss of ₹60 crore per day

earners) and production gets delayed, said M V Rajeshwara Rao, secretary general of the Federation of Andhra Pradesh Chambers of Commerce and Industry (Fapcci).

Earlier, power cuts used to last less than two hours and took place mainly during sum-

mer, but this year they have started three months earlier due to the shortage in coal supplies and strike, he added.

The turnover of all industries in the state is about ₹1,000 crore per day. Of this, MSMEs contribute 35-40 per cent. While industry on the whole is facing a loss of ₹350-400 crore per day due to these disruptions, MSMEs are incurring a loss of ₹60 crore per day.

MSMEs are highly vulnerable to any kind of disruption and their ability to withstand them is quite low. “Around 90 per cent of the small industries are suffering, and 40 per cent of them are likely to shift operations to other states. The rest might get closed,” the Fapsia president said.