**Fruit not fruitful**

**Suphala Fruit Growers Mutually Aided Co-Operative Society**

**Company Profile:**

Suphala Fruit Growers is a co-operative society dealing with manufacturing of Mosambi Juice established in 2013 in Nalgonda District, Tipparthi Mandal. Society was formed by Dr. K. Rangaiah with 170 members in the society. The raw material, i.e., Sweet Lime fruits, is supplied by the members of the society. The unit has installed capacity of 20,000 cups per day. At present, there is no active participation and support from the members of the society due to low marketing conditions of the product. Most of the investment and land allocation for the setting up the industry is provided by the entrepreneur Dr. K. Rangaiah himself, while the account stands in the name of the Society.

Financials: The unit has availed Working Capital- ₹15 lakhs, Term Loan- ₹9 lakhs from the bank.

**Details:**

Suphala Fruit Growers is an initiative by a senior citizen Dr. K. Rangaiah. He approached **Telangana Industrial Health Clinic Ltd (TIHCL)** to support the firm for not slipping into NPA and guide him accordingly.

The entrepreneur has approached the bank for term loan. As per the entrepreneur, initially the bankers did not come forward to support him for the term loan. After the change of the branch manager, the bank reconsidered but agreed to give only Term Loan of Rs. 9.00 Lakhs against the request of Rs.24.00 Lakhs. After the unit approached the higher authorities, the bank has sanctioned working capital of Rs.15 lakhs in two bouts (Rs.6lakhs and Rs.9lakhs) and this has been diverted towards purchase of machinery originally contemplated.

Due to this the unit turned into NPA in the year 2017 due to low production and cash flow. They repaid overdues in March 2018 as requested by bank and account was regularised. Again, the unit was at risk of falling in to NPA by end of June 2018 due to non-payment of interest and EMI.

After reviewing the case by TIHCL, it was understood that the problem is with production and marketing arrangements and no additional funding is required at this stage as there are not enough work orders. Entrepreneur’s concern is that without notifying him about NPA, the bank has initiated SARFAESI Act and due to this entrepreneur disputed with bank authority for service deficiency and not ready to repay the dues.

It was suggested by TIHCL to repay one-month dues so that there will be extension of time to avoid NPA. Later entrepreneur has repaid the dues and now account is in active status. After our visit to unit and meeting with banker, it was observed that there is production deficiency, technology deficiency and there are no marketing arrangements for the product. At present the unit is able to produce only 1/5th of its installed capacity, although the product is approved by Food Safety Standards Authority. It is not so much the finance that is a problem as management, technology and marketing. Packaging required improvement to accommodate larger shelf life than present. Any future investment has to be guided by improvements in these deficient areas and the Banker has been accordingly advised in addition to the Unit.

On verifying the communication from the bank, SARFAESI action has been suspended and the bankers are ready to help the unit and support for revival of the unit if the unit acts according to the prescription of TIHCL. TIHCL is linking the product to the organized market – MORE and also exploring franchise arrangement with REAL and NATURAL.

Banker has requested the entrepreneur to provide stock statements and to maintain regular transactions only through the bank who had sanctioned its initial loan instead of other banks.

At this point, the entrepreneur has requested to convert working capital in to term loan and to provide marketing arrangements to increase the production. TIHCL advised the entrepreneur to provide the requested statements to bank and transact through the bank regularly.

After visiting the unit and discussion with banker, TIHCL is in the process of arranging marketing facilities and improvement of product quality by liaising with various super markets and export distributors for expansion of product distribution.