CHAPTER - IV

APIDC: A Theoretical Frame Work
The Government of India, in order to accomplish its objectives of industrialisation has launched industrial policies from 1948 onwards. The salient features of the industrial policy of Government of India are generating employment, correcting regional imbalances through preferential development of industrially backward areas, promoting economically viable units and also export-oriented and import substitute industries. The necessity to implement the programmes related to planned industrial development and the non-availability of adequate financial resources for a wide variety of projects in the private sector on one hand and the need for the development of public sector ancillarisation on the other, caused the emergence of Industrial Financing Institutes in India like IDBI, IFCI, ICICI etc. Further, in view of ironing out regional imbalances in the industrial development, the State Financial Corporations have been set up to finance the small and medium scale industries at the state level.

But the machinery of SFC was considered inadequate by most state governments during the Third Plan period for the purpose of setting up new industries within their respective territories. Consequently, to monitor the implementation of the national development goals and to prop up the industrialisation of the economy at the state level,
the state governments have set up a new type of development institutions known as State Industrial Development Corporations (SIDCs).

The SIDCs were set up in 1960s to act as catalytic agents in the industrialisation of the states. The SIDCs were established as wholly owned undertakings of the state governments under the Companies Act 1956 or autonomous corporations under specific Acts. For quite sometime, the role of such state level institutions was to identify new industrial project ideas, obtain letters of intent, industrial licences from Government of India and implement them as their own subsidiaries for production.¹ But in the new socio-economic framework, their involvement in industries goes beyond the conventional function of term loan lending. In addition, they have to undertake promotional activities to achieve rapid industrialisation of the state. The state level institutions apart from assisting the industrial units, have to adopt the philosophy of regenerating funds out of its own resources. The former Prime Minister Shri Rajiv Gandhi² strongly endorsed this view. While addressing the public sector undertakings he advised that undertakings should be self-reliant and not to resort to state’s financial assistance. Furthermore, he

1. APIDC, Annual Plan, (Hyderabad : APIDC, 1979), p.84.
advocated internal resource mobilisation by the units themselves by their own means of generation of funds.

The Andhra Pradesh Industrial Development Corporation (APIDC), a fully owned undertaking of the Government of Andhra Pradesh incorporated as a Private Ltd. Company in 1960, is the first of its kind to be set up in the country. The APIDC has been created as a special agency for planned industrialisation of the state particularly for the promotion of medium and large scale industries in the state. It was incorporated with an authorised capital of Rs. 3 crores and paid-up capital of Rs. one crore. In the wake of expansion of its activities, the authorised capital and paid-up capital raised to Rs. 70 crores and Rs. 53 crores respectively as on 31st March 1994. The corporation is expected to function as an extended arm of the national level industrial development banks such as IDBI, IFCI, ICICI, IRBI and others to co-ordinate and integrate all industrial development activities with in the State of Andhra Pradesh.

4.1 Objectives of APIDC

The overall objective of APIDC is to serve as a special instrument for planned industrialisation of the state. The specific objectives of the corporation are:

1. to help develop the entrepreneurial base in the state,
2. to promote large and medium scale industries for rapid industrialisation,
3. to effect a rational transfer of resources with a view to reducing regional imbalances and
4. to create additional employment opportunities.

In pursuance of these objectives, the corporation has to provide ideas and concrete plans for the exploitation and use of the raw-material resources available in Andhra Pradesh and also has to ensure commercial, financial and social viability in promoting industries. Besides, the corporation has to earn a reasonable rate of return on the investments made by the corporation.

It may be stated that the 'objects' clause of the Memorandum of Association did not stipulate the objects in specific terms as did by the annual plan of the corporation for 1978-79 and the Fifth Five Year Plan of the state. It did not specify that only medium and large scale units should be promoted, possibly because of the fact that, at the time of formulation of the APIDC, the Andhra Pradesh Small Scale Industrial Corporation (APSSIC) was not in existance. Therefore, it was understood that the APIDC would promote all types of industrial units. Subsequently, with the formation of the Andhra Pradesh Small Scale Industries Corporation in 1961, the role of APIDC was
confined only to the medium and large scale sector.

The constituent part of the first object of the Memorandum of Association given below do not specifically mention that it should confine itself to medium and large scale sectors. The constituents of the first objectives are:

a. to promote, improve, establish and develop industries in the state of Andhra Pradesh,
b. to plan, formulate and execute projects for the setting up of industries on developing lines of production,
c. to engage in the processing and manufacture of metals, chemicals, engines, plants, machinery or any other commercial or industrial product, article and commodity,
d. to engage in, establish, maintain and develop the generation, transmission and sale of electricity.

A perusal of other 'objects' of the corporation as stated in the memorandum indicates that the development of backward regions, either by directly promoting units or by assisting them does not seem to be a statutory objective of the corporation. It was set up to develop the state industrially. The development of the backward regions of

the state has become it's objective because of the general policy of the government in the state and at the Centre to develop backward regions in consonance with the objectives of industrial planning enshrined in the successive Plan documents particularly in the fourth and fifth Five Year Plans.

4.2 Functions of APIDC

The APIDC performs various functions. Besides providing financial assistance to the industrial concerns, it undertakes various promotional activities such as project promotion, escort services and agency services.

4.2.1 FINANCIAL FUNCTIONS

The APIDC is an investing company, charged with the responsibility of rendering financial assistance to large and medium scale units set up in the state. The various modes of financing industrial enterprises include:

1. participation both in equity and preference share capital,
2. underwriting of new issues of equity and preference shares,
3. Guaranteeing deferred payments,
4. providing term loans to industries under IDBI refinance scheme,
5. extending seed capital assistance under IDBI scheme to technocrats.
4.2.1.1 Participating in the equity and preference shares

The corporation renders financial assistance by subscribing to the equity and preference share capital of assisted and promoted (both joint ventures and subsidiaries) units. Even among these, investment in the form of equity shares naturally assumes importance because the corporation had to guide, direct and control the various units promoted or assisted by it.

4.2.1.2 Underwriting

Another aspect of the pattern of assistance is the underwriting of equity and preference shares which was the more popular way of participation in equity and preference during the early years of existence of the corporation when the proportion of financial assistance is rendered in the form of underwriting of equity and preference shares, was much higher than in direct investment. Many units whose issues of share capital were underwritten during the early years by the corporation have their present status as 'assisted units' because the corporation did not market the shares subsequently. The annual report of the corporation for the year 1967 states that underwriting arrangements were finalised during the year in respect of three cases involving a sum of Rs. 33.50 lakhs and the corporation, in view of the limited public response to these issues, had to

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5. Ibid., p.290.
take up shares of an aggregate of Rs.32.64 lakhs in these three companies detailed as under: "A.P. Paper Mills - Rs.24.19 lakhs, Usha Flour and General Mills - Rs.1.97 lakhs and Super Spinning Mills Ltd. - Rs.5.00 lakhs". It may be concluded from this that the corporation retained with itself the shares that it had underwritten and that it did not attempt at any time to sell these shares, which were underwritten or directly subscribed by it in the units which it promoted and assisted.

4.2.1.3 Providing Term Loans

The APIDC provides term loans to various categories under IDBI refinance scheme. The IDBI with a view to enable medium scale enterprises raise the entire finances required for their projects with in the state, formulated refinance assistance scheme in 1976, whereby the SIDCs along with the State Financial Corporations and other commercial banks operating with in the State can grant term loan under IDBI refinance scheme upto Rs.140 lakhs to projects whose outlay does not exceed Rs.3 crore. Incidentally, the APIDC was one of the first among the state level Industrial Development Corporations to take advantage of this scheme. As per this scheme APIDC can grant term

loan upto a maximum of Rs.90 lakhs to a project and it will be refinanced by IDBI upto 90 per cent in case of projects located in the notified backward areas and upto 80 per cent in case of projects located in non-backward areas.

Under the scheme, the corporation is entitled to get reimbursed term loans sanctioned to all types of industrial concerns engaged in the manufacture of goods, shipping, mining, hotel industries etc. Under the scheme the corporation sanctions term loans to new units, for modernisation, financing for equipment and for nursing homes.

(i) Term Loans for New Units

APIDC sanctions term loan upto Rs.90 lakhs under the IDBI refinance scheme for setting up of a new unit.

(ii) Modernisation Scheme

The Modernisation Assistance Scheme takes care of the modernisation needs of large industrial units. In respect of small and medium units, a separate scheme for modernisation has been framed with special features to encourage small and medium industries to take up modernisation.

The primary objective of the scheme is to encourage industrial units to overcome the backlog of modernisation and to adopt improved and updated technology
and methods of production and prevent mechanical and technological obsolescence and improve product quality and competitiveness.

It may be ensured that assistance under the scheme is not sanctioned merely for replacement of machinery or for expansion of capacity. Replacement of machinery should be for better capacity utilisation or accompanied by other benefits. Assistance under the scheme will be need based and there will be no maximum or minimum.

(iii) Equipment Finance Scheme (EFS)

Equipment Finance Scheme (EFS) has been introduced to provide quick finance under simplified procedure through State Industrial Development Corporations (SIDCs) to well established industrial concerns for acquisition of capital goods/equipment not related to any specific project, both indigenous and imported. In such cases, refinance will be provided by IDBI through APIDC on a near automatic basis to eligible industries under the scheme.

Assistance under the scheme by the primary lender may cover upto 77.5 per cent of the cost of capital goods/equipment to be acquired, subject to a ceiling of Rs.2.00 crores including the outstanding loan amount. The corporation would provide term loan to the extent of Rs.150 lakhs per borrower and in association with APSFC the maximum
term loan can be Rs.200 lakhs. The borrower concerned will have to meet the maximum of 22.5 per cent of the cost of equipment as also allied expenditure out of own resources which will be in the nature of promoter's contribution. The rate of interest per annum is 15 per cent on the loan amount to be paid on a quarterly basis. There will be no commitment charge on loans sanctioned under the scheme and loans lying unutilised for more than six months may be cancelled. The period of repayment is between 2 and 5 years inclusive of moratorium of 6-12 months depending upon repayment capacity of borrowers.

(iv) Term Loans to Small Hospitals/Nursing Homes

Under the IDBI refinance scheme, APIDC is operating this pioneering scheme under which financial assistance is provided to small hospitals/nursing homes.

4.2.1.4 Seed Capital Assistance

The IDBI as a part of its overall efforts to bring about a wider dispersal of ownership and control of industrial undertakings and for quicker industrialisation, formulated the seed capital assistance scheme in September 1976 for assisting technocrat entrepreneurs who have the capability to set up industrial projects in the medium scale sector but lack the necessary resources to make up their promoters' contribution to the extent stipulated by the
financial institutions.

Under the scheme, professionally qualified entrepreneurs and experienced industrial managers are eligible for the seed capital not exceeding a sum of Rs. 15 lakhs sanctioned at the discretion of the IDBI based on the merits of each case subject to the condition that the capital outlay of the projects proposed to be promoted by them does not exceed Rs.2 crores per unit. The seed capital is given either in the form of share capital or soft loan carrying service charges, one per cent per annum with liberal repayment conditions and the seed capital so sanctioned is eligible to be included to the equity for the purpose of calculations of debt-equity ratio. The scheme is operated through the state level industrial development corporation and as such the corporation has adopted this scheme right from its inception.

4.2.1.5 Venture Capital

APIDC, besides supporting the highest number of technocrat entrepreneurs with seed capital assistance from IDBI, in view of its background in investing in equities also, took the initiative in promoting a venture capital company being the first among the SIDCs to do so. Venture capital financing is commonly regarded as equity investment for a pre-determined time period in small business with high growth potential. However, venture capitalists generally
participate in a broad range of business development financing from providing seed financing to an entrepreneur to developing a new business concept, idea or product, to financial leveraged/management buyouts where entrepreneurs and managers acquire subsidiaries of major corporations and other businesses.

The main objectives of the venture capital fund are (a) commercialisation of an innovative product/process through indigenous or imported technology (b) providing assistance to existing small and medium companies for later stage investments and follow on investments in high tech areas aimed at diversification and expansion (c) providing assistance for management buy outs specially by the executives working in such firms.

Assistance under the venture capital scheme will be made available to projects relating to development of technology, introduction of new projects, exploring/developing new markets for existing products etc, which fall in the category of high risk and high return zone. The APIDC negotiated with the World Bank for Rs. 3 million loan to invest in the first venture fund. It stood the test of rigorous scrutiny by the World Bank and established a relationship that could be long lasting. The other major contributors to the fund include IDBI and Andhra Bank. The
SBI capital markets and UTI are also considering joining the fund. The size of the first fund is fixed at Rs.13.50 crores. Once the money available in the first fund is fully committed, the APIDC Venture Capital Ltd., will float a second fund of a bigger size followed by a third and so on.

4.2.2. PROMOTIONAL FUNCTIONS

Besides financial assistance, the APIDC also undertakes promotional activities to foster development of industry. It renders its services through various promotional agencies such as project promotion, escort services and other development programmes.

4.2.2.1. Project Promotion

The project promotion wing of APIDC keeps track of the changing investment climate and locate feasible investment opportunities for the benefit of prospective entrepreneurs. Under the project promotion the corporation prepares and provides project profiles containing basic data relating to various new projects enabling the prospective entrepreneurs to take investment decisions.

The APIDC also assists in giving project ideas, obtaining licences from the Government of India, preparation of project reports and conducting industrial potential surveys.
4.2.2.2. Escort Services

APIDC provides comprehensive guidance and escort services to entrepreneurs. They include infrastructure services like land, power, water etc., statutory like pollution control, obtaining Central Government clearances like Central Government’s F.C. etc. Besides, APIDC guides the entrepreneurs in obtaining financial assistance from international agencies.

Further, APIDC plays a vital role in locating the state of the art technology available in any part of the world and encourages transfer of technologies. As many as 108 projects promoted by APIDC had technology tie ups and equipment from countries like the USA, Japan, France, West Germany, Sweden and the U.K. and several projects are on the anvil of technology tie ups/import of equipment.

4.2.2.3 Entrepreneurial Development

The capable entrepreneurship hold the key for industrial development activity in any part of the country and equally so in Andhra Pradesh. The unique natural resources, specialised organisations in the respective fields of development, free and liberal financial assistance, incentives and subsidies and other activities are only one part of the total story of industrial development. Unless it is coupled with right kind of entrepreneur, there will be hardly any development activity.
Further, there is a growing need for entrepreneurs who have been trained in the various professions and have shopfloor experience. This need has been felt by promotional organisations like APIDC, APSFC etc.

Big or small, state or central, every promotional institution has focussed its attention on the prospective entrepreneurs extending all out assistance at various levels. Success or failure of any promotional programme rests entirely on the level of entrepreneurship and his achievement motivation. It has been realised quiet early by the APIDC that a major thrust to the programme of industrialisation can be given and the employment opportunities for the people of the state can be substantially widened only by encouraging local entrepreneurs, especially, those coming forward to establish industries for the first time and the technocrats.

It is further stated that though promotional organisations have multiplied over the years, the level of absorption of the entrepreneurial talent is not enough to match the fast changing investment climate. This has necessiated APIDC to go in for a specialised centre catering to the important dimensions of entrepreneurial development under one roof. It is in this context, a much needed Entrepreneurship Development and Guidance Centre (ED & GC)
is set up in Andhra Pradesh.

In tune with the objective of the APIDC and also Government's desire to strengthen the entrepreneurial base, the corporation has set up the EDGC, which acts as a front office to APIDC, has in its job chart four important activities namely (i) Training (ii) Guidance (iii) Marketing the message of entrepreneurship and (iv) Research and evaluation.

The principal objectives set before the EDGC include extending a helping hand to potential entrepreneurs reinforcing the entrepreneurial base and providing escort services to units under implementation. EDGC started conducting entrepreneurs' meet in different parts of the state through its windows opened at Vizag and Tirupati.

4.2.3 BACKWARD AREA DEVELOPMENT

The corporation has been making conscious efforts for the development of backward areas in all the three regions of the state and has been as a matter of deliberate policy encouraging the location of industries in notified central and state backward areas. The fact that, of the 89 units promoted during 1983-84 as many as 71 units were located in backward areas bear ample testimony to the corporation's commitment to the development of backward areas in the state.
The backward areas in the state are rich in natural resources and any investment in these areas will set in a chain reaction, quicken the pace of development and give buoyancy to the entire economy. The corporation's concern for the development of backward areas in the state is reflected in its investment decisions over the past few years. For a state like Andhra Pradesh, whose economy is predominantly agriculture, promotion of food, agro and forest based industries contribute substantially to the industrial development of the state. The corporation has recognised that a significant step up in the rate of industrialisation of backward regions will be necessary to generate employment among the weaker sections of our population, stop the drift of rural labour to cities and help in creation of self generating growth centres. Consequently, of the 512 units promoted by APIDC, 322 have been set up in backward areas. Out of them 217 units have gone into production and 105 are at various stages of implementation.
4.2.4 SPECIAL ASSISTANCE SCHEMES

APIDC implements a number of schemes for the benefit of new and prospective entrepreneurs in establishing industrial units in medium and large sectors. They include:

(i) Scheme for modernisation of medium industries
(ii) Special Capital Scheme for women entrepreneurs
(iii) Refinance for sick units rehabilitation.

4.2.4.1. Scheme for Modernisation of Medium Industries

Modernisation assistance at concessional rates is granted to small and medium industries to enable them to overcome the backlog of modernisation and adopt improved and updated technology and methods of production.

4.2.4.2 Special Capital Scheme for Women Entrepreneurs

The corporation with a view to encourage setting up of industrial projects by women entrepreneurs and also to provide sufficient employment potential for women proposes to introduce a special capital scheme for projects sponsored by women entrepreneurs which also provide gainful employment for women workers in the medium scale industrial units in the state of Andhra Pradesh.

The objectives of the scheme are to provide financial assistance on liberal terms to new industrial projects sponsored by women entrepreneurs as an incentive to
attract them to set up small and medium scale industrial projects in the state and induce and also to encourage gainful employment for women workers in the small and medium scale industrial concerns. The quantum of assistance in the form of equity share capital participation under the scheme will be provided with in a range of five per cent to 11 per cent subject to a maximum ceiling of Rs.10 lakhs.

4.2.4.3. Refinance for Sick Units Rehabilitation

The scheme covers all small scale industrial units and medium scale units which have been assisted by APIDC and which are classified as sick. An industrial unit shall be considered as sick, if it has (a) commenced production at least three years prior to the date of rehabilitation assistance and (b) incurred cash losses in the previous accounting year and is likely to incur cash losses in the current accounting year and has an erosion to the extent of 50 per cent or more of its net worth on account of cumulative cash losses. Units eligible for rehabilitation assistance should be capable of being nursed back to normal health with in a reasonable time. A unit may normally be regarded as potentially viable if it would be in a position, after implementing a relief package spread over a period not exceeding five years in the case of SSI units and seven years in the case of medium scale units from the commencement of the package to service it’s repayment
obligation in terms of the agreed package without the help of concessions.

The service of Andhra Pradesh Industrial and Technical Consultancy Organisation (APITCO) or any other established consultant may be availed of for formulating the package. The professional charges of consultancy may be included in the cost of the rehabilitation scheme. In cases where the scheme is drawn up by APITCO, IDBI will share the consultancy charges on a mutually agreed basis with the APIDC. The scheme for rehabilitation is comprehensive covering all factors responsible for sickness and the proposed remedial measures.

4.3 Schemes of Operation

The corporation has adopted a strategy under which it channelises its investment in three well defined schemes namely - 1. Assisted units 2) Joint ventures 3) Subsidiaries.

4.3.1 ASSISTED UNITS

In the assisted units, the entrepreneur himself fulfils the role of the promoter. He identifies the project, selects the site, obtains a letter of intent or licence in his name and approaches the corporation for financial assistance in the form of equity participation. The corporation, after an analysis of the feasibility of the
project, participates in the equity and this participation ranges from 10 per cent to 15 per cent. Besides, the corporation assists the promoter in getting a loan from central financial institutions.

If, in a given unit, the fixed capital investment exceeds Rs.10 lakhs, that unit is considered either as a medium scale or a large scale unit. The APIDC promotes and assists units which have a fixed capital exceeding Rs.10 lakhs.

4.3.2. Joint Ventures

The mainstay of the corporation's operations is joint venture companies. Credit goes to APIDC for introducing the concept of joint ventures for the first time in India. The corporation is the promoter of the joint venture units and takes exclusive responsibility in identifying the project and in the preparation of preliminary and detailed project report. It obtains a letter of intent or a licence from the government to set up a unit, enters into technical collaboration agreements with the foreign firms and gets the foreign exchange clearance for the import of machinery. Under this scheme the corporation takes the responsibility of completing preliminary work right from the identification of the project. After completing all the preliminary work, the corporation is to identify a suitable co-promoter. When a
suitable co-promoter is identified, a joint venture agreement is then entered into, where the corporation's investment is 26 per cent of the share capital, while the co-promoter invests 25 per cent and remaining 49 per cent is left for the public. In terms of the agreements the corporation has the right to choose the location of the unit being the chief promoter of the floated company. Many of the units set up by it under the six point formula are joint venture units.

4.3.3. SUBSIDIARIES

The corporation acts as a holding company and usually holds all the shares issued by the subsidiaries, which come into existence under two situations. 1. The corporation proposes to promote a company as a subsidiary because of the importance of its product in the industrial development of the state. 2. If a particular project is identified and is proposed to be set up in joint venture, but a suitable co-promoter has not yet been identified such a project continues to be a subsidiary till a suitable co-promoter is selected. Sometimes, when a co-promoter backs out, the project is implemented as a subsidiary. For instance the co-promoter of A.P. Fibres Ltd., Srikakulam, backed out of the project was then decided to implement it as a subsidiary till a suitable co-promoter was identified. There were some projects which were implemented as
subsidiaries of the corporation because no suitable co-promoters were available. Subsidiaries and Joint Ventures are often referred as 'promoted units' of the corporation.

4.6 Resource Mobilisation

The resources for the investment and promotional activities of the corporation come mainly from issuing of debentures, loans from A.P. Industrial Infrastructure Corporation Ltd. (APIIC), Industrial Development Bank of India (IDBI) and Government of Andhra Pradesh. An analysis of resource mobilisation during 1973-74 - 1987-88 would give an insight into this aspect.

Table 4.1 reveals that up to 1977-78, APIDC mobilised its resources to a larger extent by issuing of debentures to the public and later when the IDBI came into the scene, it occupied the first place in providing loans to APIDC. The main source of income to APIDC during 1973-74 was from debentures constituting 52.92 per cent and the same trend is continued up to 1978-79 where the resources constituted 66.71 per cent. From 1980-81 onwards, there was a declining trend from 35.82 per cent in 1980-81 to 1.53 per cent in 1987-88. It is because of the involvement of IDBI to support APIDC financially. Initially, the loan of IDBI was although meagre accounted for 12.01 per cent, yet, with the passage of time it has tremendously increased to 89.21
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<td>522.56</td>
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<td>370.00</td>
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<td></td>
<td>(52.92)</td>
<td>(84.44)</td>
<td>(66.71)</td>
<td>(35.62)</td>
<td>(19.81)</td>
<td>(15.73)</td>
<td>(11.92)</td>
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<td>2. Loan from A.P Industrial Infra-</td>
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<td>96.33</td>
<td>78.83</td>
<td>39.00</td>
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<td>structural Corporation Ltd.</td>
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<td>(15.56)</td>
<td>(10.05)</td>
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<td>(1.20)</td>
<td>(0.91)</td>
<td>(0.46)</td>
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<td>3. Loan from IDBI</td>
<td>-</td>
<td>-</td>
<td>94.08</td>
<td>717.02</td>
<td>1475.27</td>
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<td>3387.48</td>
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<td>(85.05)</td>
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<td>-</td>
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<td>282.50</td>
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<td>(47.08)</td>
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<td>(8.72)</td>
<td>(6.60)</td>
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<td>5. Others</td>
<td>-</td>
<td>-</td>
<td>87.86</td>
<td>107.92</td>
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<td>123.83</td>
<td>60.92</td>
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<td>(11.22)</td>
<td>(7.58)</td>
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<td>(3.82)</td>
<td>(1.42)</td>
<td>(6.29)</td>
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<td><strong>Total</strong></td>
<td>303.74</td>
<td>618.89</td>
<td>783.33</td>
<td>1423.94</td>
<td>2575.01</td>
<td>3241.55</td>
<td>4279.90</td>
<td>7953.25</td>
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<td>0.44:1</td>
<td>0.31:1</td>
<td>0.30:1</td>
<td>0.52:1</td>
<td>0.77:1</td>
<td>0.78:1</td>
<td>0.91:1</td>
<td>1.41:1</td>
<td>1.65:1</td>
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Source: APIDC, Annual Reports, (Hyderabad: APIDC, Various Issues)

Note: Figures in parentheses indicate percentages
per cent in 1987-88. The next important source of finance to APIDC is Government of Andhra Pradesh. Before IDBI came into picture, the Andhra Pradesh Government contributed 47.08 per cent of the total resources, but later its share in the total resources of APIDC declined. Thus, it can be concluded that APIDC got its major share of resources from IDBI and Government of Andhra Pradesh.

4.5. Organisational Structure and Managerial Pattern

The implementation of a concept or strategy on sound lines requires adequate organisational support. The necessary human resources with clearly defined responsibilities and authorities is an important prerequisite. Further, the decision making of any organisation is a highly complex phenomenon. Therefore, a good functioning of APIDC generally depend on the effective management of the corporation. Unless there is a good structure of organisation, it is not possible to run the corporation in a smooth manner. Hence, persons fully acquainted and conversant with financial management are required to be placed for decision making.

The business of APIDC is managed by the Board of Directors. The Government shall from time to time determine the number of Directors of the Company which shall not be less than two. The Directors are not required to hold any qualification shares. The Directors appointed by the
government shall be paid such salary and allowances as the
government may from time to time determine subject to the
provisions of Section 314 of the Act. The Government may
from time to time appoint a chairman, Deputy/Vice-Chairman
and Executive Director on the Board of Directors and
determine the period for which each of them to hold his
respective office. The Government in their absolute
discretion shall have the power to remove any Director
including the Chairman, Deputy/Vice-Chairmen, Managing
Director and the Executive Director from office at any time.
The Government shall have the right to fill any vacancy in
the office of the Directors caused by removal, resignation,
death or otherwise. The term of the Directors of the
corporation other than Chairman, Managing Director and
Executive Director shall be for a period of one year from
the date of appointment.

Notwithstanding anything to the contrary contained
in these articles, IDBI shall pursuant to an agreement
between it and the corporation, have a right to appoint one
director on the board of directors of the corporation. The
board of directors shall have no power to remove the nominee
director from office and such nominee director shall be
entitled to attend all general meetings, board meetings,
and meetings of the committee of which he is a member and he
and IDBI shall also be entitled to receive notice of all
such meetings.

The Government appoints one of the directors to be the managing director of board of management consisting of two or more directors for the conduct or management of the business of the company subject to the control and supervision of the Board of Directors. The managing director of the board of management so appointed may be authorised by the board to exercise such powers of discretion in relation to the affairs of the company as are specifically delegated to him/it by the board and are not required to be done by the board of directors of the company at the general meeting under the Act.

The directors meet together for the despatch of the business of the company. A meeting of the board of directors is held at least once in every three months and at least four such meetings shall be held in every year. They may adjourn and otherwise regulate their meetings and proceedings as they think fit and may determine the quorum necessary for the transaction of the business. Until otherwise determined, one third of the total strength of directors (any fraction contained in that one third being rounded off as one) or minimum two disinterested directors whichever is higher shall be a quorum.
The organisational structure is depicted in chart which clearly shows the managerial pattern of the corporation. Below the rank of managing director, there are four general managers heading departments such as rehabilitation, monitoring, projects and finance. Under the finance category, there is a deputy general manager. Under his control, again there are two managers who look after the financial matters. Under each manager, one deputy manager and two assistant managers work. All of them are concerned with finance except a deputy manager who looks after disinvestment. It is also to be noted that the structure of managerial pattern may change from time to time according to the requirements of the corporation.