

**President's Message**

" A debate is raging in the country over government's interventions in affairs of banks. But RBI historically has acted more like a guardian of banking community – giving the banks a free run and shielding them for their lapses and misdemeanours. There is a strong feeling among the banks' customers- especially MSMEs, that most RBI circulars apparently favouring them are termed advisory and not mandatory. In the present banking regime wherein CDRs of large houses are finalized without even personal guarantees of the promoters, ignoring interests of MSMEs in this manner is like giving them a raw deal. There seems merit in enlarging the debate and asking the question:

Isn't there a need for an independent Banking Regulator that can hold its position equidistant from the banks and their customers and do justice on merits of each case? "

- Shri V.K. Agarwal, President FISME

**Upcoming Events**

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**What's Hot?****Activities**

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**ACTIVITIES****Third India SME Forum event held in New Delhi**

Reliance Commercial Finance in partnership with FISME and several other organizations structured on August 17, 2012 in Hyatt Regency, New Delhi the third event under the India SME Forum and Award under a series titled 'India SME Forum – sustainable competitiveness and growth, profitably' that is now being held across the country. The event was held in association with Sustainable Development Research & Consulting, Go Air, Mahindra & Mahindra, SMERA (SME rating agency of India Ltd.), Bloomberg UTV and Laqshya. Vice-President FISME Girish Kumar gave the inaugural address. He said despite all the challenges that Indian MSMEs are facing the depreciation of the rupee has provided them a historic opportunity and Indian industry should look to explore new markets in South and Southeast Asia, Africa and Latin America to boost their exports.

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**Voice Your Views**

Will the presence of P. Chidambaram as the new finance minister make any difference to the current growth scenario?

Free Management Consultancy

A few students of IIM, Bangalore have floated a company to offer free consultancy to MSMEs on all aspects of business - Finance, Marketing, Operations and General Management. Those interested in availing of the services of this company can get in touch with FISME at info@fisme.org.in

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Business Banter: Lessons from Entrepreneurs

Quit while you are still ahead

Entrepreneurs often behave as bad poker players – they refuse to quit when they are losing and miss the opportunity to stay ahead of the game and go away with the winnings. A failed business can also be a source of learning. The entrepreneur who recognises in time that his business is failing quits while there is still something to salvage. But often passion and ego come in the way and people get deeper and deeper into debt and finally end up horribly mixing up their personal and business lives. In a country like India where failure is not taken well and at the same time there is no safety net or a modern bankruptcy code, entrepreneurs often find themselves caught in a vicious cycle of business failure, debt, mounting interest costs, more failure, more debt and the cycle goes on endlessly until the entrepreneur simply decides to end his life. This can be easily avoided if one takes the right decision to limit damages, cut losses and quit at the right time.

The bottom line: learn from failures and quit while the going is good.



Other Events

Avnet X-fest 2012

Date: July-August, 2012
Venue: Various cities across Asia

[See Details](#)

Electronics Rocks 2012

Date: August 30-31, 2012
Venue: Bangalore

[See Details](#)

NCEDAR 2012

Date: December 4-6, 2012
Venue: Bangalore

[See Details](#)



Your Views

Business Outlook for Q2 worse than for Q1: MSMEs



According to *The FISME Factor* survey, 57% of MSMEs feel that the business outlook for the second quarter of the current fiscal year is worse than what it was for the first quarter.



Editorial

Dear Readers,
The general mood among entrepreneurs is not very upbeat although it is not entirely pessimistic at all as our survey results show. The opinion is nearly divided with 43% saying the business outlook for the second quarter of the current



MEDIA MONITOR

Macro Metre

Inflation hits 3-year low, RBI unlikely to cut rates

The wholesale inflation unexpectedly fell in July to a near three-year low but economists doubt the drop will be enough to persuade the central bank to cut interest rates at its September meeting to try to revive the struggling economy. Inflation dropped to 6.87 per cent in July from 7.25 per cent in June as domestic gasoline and vegetable prices fell in July. But global oil prices have been rising since then and drought in some parts of India is threatening fresh inflationary pressures.



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Exports in July Dip by 14 Percent

India's July exports declined 14.8 percent, according to data released recently. Exports stood at \$22.4 billion compared to July 2011 when they were \$26.3 billion. India's trade deficit widened to \$15.5 billion for the month. July's trade deficit arising from the excess of imports over exports is significantly higher than the \$10.3 billion deficit reported in June 2012.

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PM forecasts GDP growth over 6.5 per cent for this fiscal



Prime Minister Manmohan Singh projected India's economic growth in the current fiscal to be a little higher than 6.5 per cent achieved a year ago amid many global agencies projecting a bearish outlook in his Independence Day speech. "Last year our GDP grew by 6.5 per cent. This year we hope to do a little better," Singh said. The 6.5 per cent GDP growth in 2011-12 was the lowest in nine years. The government's original GDP projection for 2012-13 was 7.6 per cent.

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fiscal is better than the first quarter leaving only 53% to differ. The monsoon has not helped, IIP numbers have now become unavailable and although inflation seems to be coming somewhat under control, no one seems to be very optimistic about growth. The historic opportunity presented by the depreciation of the rupee is also going abegging with the government still not having woken up to the possibilities. The return of P. Chidambaram to the finance ministry has raised hopes in a few quarters but so far there have been very little action on the ground. In this difficult scenario, **The FISME Factor**, brings you a new section called **Business Banter: Lessons for Entrepreneurs** where we shall try to offer in every issue one lesson that entrepreneurs will do well to learn from the experience of others. We hope you benefit from it.

Editor

The FISME Factor

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Knowledge Store

Banking Baatein

Building trust between banks and borrowers is the need of the hour



India has brought in the concept of NPA (Non-Performing Asset) which has changed drastically the perception and approach of banks towards customers when dealing with loans financed by the bank.

[Read the full article](#)

Domestic Digest

Vayalar Ravi heads MSME ministry on Deshmukh's death

Union Science and Technology and MSME Minister Vilasrao Deshmukh, who had been battling liver cancer in a city hospital, died here on August 14, he was 67. Overseas Indian Affairs Minister Vayalar Ravi, meanwhile, was given additional charge of Micro, Small and Medium Enterprises (MSME) Ministry which was held by Deshmukh in addition to his Science and Technology portfolio.



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Vocational training for 40 lakh in 12th Plan: MSME Secretary



The Centre will impart vocational training to 40 lakh young people during the 12 Plan period, of which six lakh will be trained during this year, said Micro, Small and Medium Enterprises (MSME) Secretary, R.K. Mathur recently. Addressing the 'India MSME Communication Programme 2012' and the launch function of 'India MSME Report 2012,' prepared by ISED Small Enterprises Observatory, he said during the 12 Plan period his Ministry would focus on five heads — skill development, marketing, technology, finance, infrastructure and database.

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MSME ministry to meet IT giants over SME cloud computing



The MSME ministry is to call a meeting next week with the IT giants to discuss how to support micro, small and medium enterprises (MSMEs) in adopting cloud technologies, said a senior official in the Ministry of MSME. Companies such as Microsoft, TCS, IBM, Oracle, Intuit, and Sales

Force will be part of the meeting.

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Out of loop on IKEA's FDI move

Global single brand retailers like Swedish furniture firm IKEA may find it tough to get easing of norms for compulsory sourcing from the Indian tiny and small units, with the Micro, Small and Medium Enterprises (MSME) ministry strongly opposing the move of the commerce and industry ministry.

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MSME Ministry to set up Rs 100 cr Innovation Fund

To encourage innovation in small and medium industries, the MSME Ministry has taken an initiative to set up a dedicated fund called India Inclusive Innovation Fund, with initial contribution of Rs 100 crore. "The Ministry of Micro, Small and Medium Enterprises (MSME) has taken the initiative in consultation with National Innovation Council to set up a dedicated fund — India Inclusive Innovation Fund," Vayalar Ravi, who has been given additional charge of MSME Ministry, said in a written reply to Lok Sabha.

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Govt allocates Rs 870 cr for coir sector in 12th Plan

The Centre has allocated Rs 870 crore for coir in the 12th Plan for strengthening the sector, Minister for MSME and Overseas Indian Affairs Vayalar Ravi said recently. "Coir products acceptability is what is needed. We need to work on that. Their look and style should be changed and they should be made more attractive (in the domestic and international markets)," the minister said. In the 11th Plan, Rs 252 crore was allocated for coir, while in the 12th Plan it is Rs 870 crore, which shows the importance being given to the sector, he added.

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Rs. 1238 crore allocated for MSMEs under PMEGP



In the current fiscal (FY12-13) Rs. 1238

Finance Fundamentals

Overview of Group Personal Accident

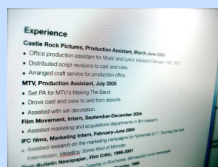


The Group Personal Accident policy enables a company to pay a lump-sum amount to it employees in case he/she meets an accident. The policy covers both work and non-work related accident. So a road accident, or accidental fall in the house/office or machine related injury, all hold equal significance in the policy.

[Read the full article](#)

Marketing Mantras

Branding: catalyst for business growth



Branding is a key concept in marketing circles, as it is the pivotal facilitator that can thrust your business forward, and give you a competitive edge. A well-defined and strong brand will drive sales, build customer loyalty, create brand value, and above all, it will be the catalyst for business growth, as consumers will be motivated to buy your product.

[Read the full article](#)

Failure leads to success



It is said that failure is the pillar of success and there are many stories about how great people made mistakes and rectify later. Failure doesn't lead to success automatically, only learning from mistakes does. In the world of business, the same rule applies. Business failure enhances entrepreneurial performance and one should never be afraid of failures.

[Read the full article](#)



Protect Your



crore has been allocated for micro small and medium enterprises (MSMEs) under the Prime Minister's Employment Generation Programme (PMEGP), informed Vayalar Ravi, Union Minister for Overseas Indian Affairs looking after the Parliamentary

work of the Ministry of MSME.

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Jupiter Infomedia to list on SME platform of BSE

The equity shares of Jupiter Infomedia Ltd will be listed on the SME platform of the Bombay Stock Exchange on August 16. Jupiter Infomedia's public issue, which opened on July 30 and closed on August 1, was oversubscribed 1.6 times, a company stated recently.

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Luxury car lease a big hit with SMEs

Small and medium enterprises (SMEs) across India's top five metros are rooting for the newest marketing idea to hit the luxury car market - personal lease. Floated by Daimler Financial Services, the in-house financing arm of Mercedes Benz India, the personal lease concept is only six months old in India. Already, say top DFS officials, the business has hit around Rs 40 crore in revenue, which is likely to jump to Rs 200-300 crore in the next 2-3 years.

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Power 'shocks' more industries in Andhra Pradesh

The power situation in the state has worsened. Even as the city escapes from massive power cuts, the industrial sector says at least 20 per cent of the manufacturing units are shutting down business in the state. Industry sources indicate that while 90 per cent of the Medium, Small and Micro Enterprises (MSMEs) are in incipient sickness stage, as many as 11,000 MSME units are estimated to have wound up business from the state. Moreover, if the situation persists, another 2.5 lakh MSME units of the total 7 lakh units will be forced to shut down operations.

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Power cuts cause heavy losses to Uttarakhand SMEs

The Uttarakhand government may have decided to set up one more industrial estate and a knowledge hub in Kumaon region to attract fresh investments. But for existing manufacturing units, the huge shortage of electricity has become a big stumbling block to smooth functioning. Unscheduled power cuts have forced industry to use diesel generators, which are turning out to be a very costly proposition.

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MSME sector in MP plagued with lack of skilled labour

Lack of skilled labour and non-availability of cluster approach among other problems, are plaguing the MSME sector of the state, said DS Mandloi, director, MSME Development Institute. Mandloi was talking to the media after inaugurating FRO2012, an expo organised here by Franchise India, recently. He said that while there was an acute shortage of skilled labour in the sector, the introduction of cluster approach will help increase competition in the sector.

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SMEs need to curtail expenditure for business growth

In an exclusive interview, Monali Handa, Director Marketing, Asia Pacific, N Computing Pvt Ltd said that small and medium enterprises (SMEs) should try to curtail their expenditure on IT infrastructure, which usually takes a lot of their money. She added that N Computing's V Space device would help the small players to bring down these costs to a great extent.

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GlobalOutlook to offer SMEs Lync 2010

GlobalOutlook, a Hyderabad-based hosted Microsoft Exchange and business communication services provider, is evaluating opportunities to offer Microsoft Lync 2010, a single interface that unites voice communications, instant messaging, audio-video and web conferencing into a richer, more contextual offering, to small and medium enterprises (SMEs) in India.

Intellectual Property!!

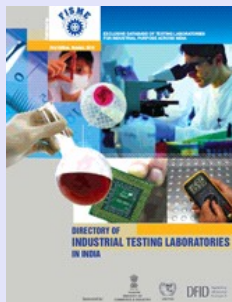
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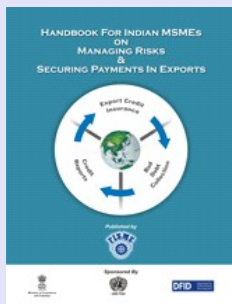


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Free Publications

Fertilizer quality control in India: Need for change



Amagi Media launches TV advertising platform for SMEs

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In a bid to help Indian small and medium enterprises use television advertising to address local markets, Amagi Media Labs, a Bangalore-based firm, has launched an innovative platform that enables advertisers to advertise on national TV channels but only for their select geographical region, thereby reducing their marketing costs.

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BSE SME Exchange to lure companies with direct listing



Many companies listed on dying regional stock exchanges are likely to take shelter under the BSE SME Exchange with the newly-launched bourse planning to allow them direct listing as part of a strategy to consolidate its position in the space. The facility, however, will be offered only if there is a three-year market making arrangement for investors to exit - one of the Sebi-prescribed eligibility norms for new listings on SME stock exchanges.

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World Watch

Focus on China



Minimum wage effect minimal on SMEs: Survey

Small and medium enterprises (SMEs) say they are unharmed by the mandatory minimum wage which came into effect last year, and have suffered no detrimental effects, according to a survey conducted by the People's Alliance for Minimum Wage. The alliance surveyed 194 retailers over a two month span. Half of the retailers belong to The Link, which oversees the city's major shopping malls under the Housing Authority. About 40 percent of the retailers who took part in the survey had one to three employees. Half were one-man shops.

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Focus on Egypt



SMEs receive special treatment from the NBE

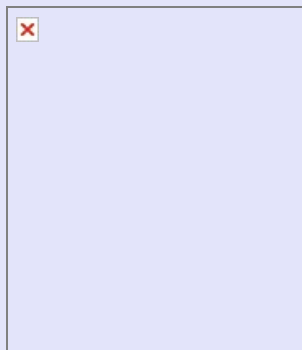
The National Bank of Egypt (NBE) revealed that by the end of 2011, the bank will have financed small and medium enterprises (SMEs) to a total amount of EGP 1.5 billion. Director of SME Finance Department at NBE, Soha Soliman, stated that funding for the SMEs portfolio amounted to EGP 3.3 billion by end of last year.

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Focus on Thailand



Lenovo to use stimulus to cash in on consumers, SMEs



Lenovo, the world's second-largest computer maker, is focusing on the high-growth consumer and small and medium-sized enterprise markets thanks to the government's economic stimulus scheme. Jeerawut Wongpimonporn, Lenovo's country general manager, said populist policies such as increasing monthly salary and labour wages are boosting IT spending in the retail and SME segments. "We expect to see a double-digit increase in computer sales this year, up from a single digit during the past several years," he said.

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This monograph argues for a systemic change in fertiliser quality control. Essential reading for those in policy-making positions.

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Country Chronicles

FISME regularly receives monthly reports on the economies of various countries from their missions in India. These reports provide information on key economic parameters, trade related information and all news relevant for importers and exporters. In this edition you can take a look at reports on:

[Egypt](#)



Reader Reactions

The FISME Factor is impressive and informative, say readers

Read what readers have to say on this newsletter and various other issues.

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Opportunities

Business Opportunities for India in Canada

There are business opportunities available for Indian companies in Canada. The interested candidates can check details.

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New Members

6 new members join FISME

During the period August 1, 2012 to August 15, 2012 a total of 6 new MSMEs became members of FISME.

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