



Vol III, Issue 40: August 15, 2013

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President's Message



"Economic conditions have deteriorated thick and fast during last few months and have led to uncertainties about future growth. MSMEs are experiencing a dramatic fall in fresh orders, a liquidity squeeze and ballooning of costs. It is time for honest introspection and self-reflection. The leaders of associations must now engage with knowledge sources and policy makers to help their members take informed decisions about future course."

-Shri D. Gandhikumar, President FISME

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KNN an Introduction



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Upcoming Events

FISME delegation to Metalex 2013 – November 2013

Date: 19-23 November 2013



What's Hot?

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...And A Lot More



ACTIVITIES

FISME joins IBIN to improve policy implementation



In a movement to improve policy implementation, the Planning Commission and India@75 Foundation have launched the India Backbone Implementation Network (IBIN) website in New Delhi on August 8, 2013, joined by the Federation of Indian Micro and Small and medium Enterprises (FISME). 'India Backbone Implementation Network' or 'IBIN' in short was conceived during the creation of the 12th Five Year Plan with the objective of promoting systemic capabilities that ensure coordination, collaboration, and implementation on issues, projects and policy within India.

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Eyeing Tech-upgrade, FISME Mounts Large Delegation to Metalex 2013 (Thailand)



To expose member MSMEs to the latest in Engineering, Machine tools and Metal working technologies, FISME is organizing a large trade

delegation to METALEX 2013 - the largest International Machine Tools and Metalworking Technologies Trade Exhibition & Conference in the ASEAN region. FISME delegation will fly from three destinations: Delhi, Bangalore and Hyderabad.

Concurrently with METALEX 2013, four specialized shows are also being organized viz. Sheet Metalex 2013, Welding 2013; Wire Tech 2013 and Tube Tech 2013.

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Venue: Bangkok

[See Details](#)



Other Events

9th Health Asia 2013 International Exhibition & Conferences

Date: 9-11 Sep 2013
Venue: Karachi Expo Centre, Pakistan

[See Details](#)

Aluminium India 2013

Date: 12-14 September, 2013
Venue: Mumbai

[See Details](#)

India Composites Show 2013

Date: 24-26 Oct, 2013
Venue: New Delhi

[See Details](#)

Residential training programme on 'Effective Office Administration & Management'

Date: November 14-18, 2013
Venue: Port Blair

[See Details](#)

Rajiv Gandhi National Quality Award 2012

Bureau of Indian Standards under Ministry of Consumer Affairs, Food and Public Distribution, Government of India invites applications for Rajiv Gandhi National Quality Award for year 2012.

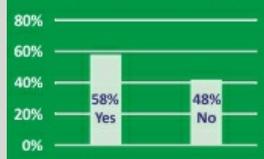
[See Details](#)



Your Views

Increasing the interest subsidy from 2 to 3 % will be helpful: MSME

Increasing interest subsidy is a good move: MSME



According to the FISME Factor survey, 58 per cent of the Micro, Small and Medium Enterprises (MSMEs) feel that increasing the interest subsidy from two to three per cent for all exporters of the sector will give it a boost to



Voice Your Views

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Business Banter: Lessons from Entrepreneurs

Say yes to things

- Eric Schmidt, Executive Chairman, Google

"Find a way to say yes to things," said the executive chairman of Google Eric Schmidt in Katie Couric's book. The best advice he ever got is to say yes to invitations to a new country, yes to meet new friends, yes to learn something new. Yes is how you get your first job, and your next job, and your spouse, and even your kids.



(Taken from Business Insider)



WRITING ON THE WALL

5 policy missteps that have led India to economic crisis

All economic indicators point to a complete collapse with little hope for revival: By Shankar Acharya (Courtesy: Business Standard, Aug 7, 2013)

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India's ecosystem is pro-big, anti-small

Small businesses in India badly bruised by policy clutter and crony capitalism (Courtesy: The Economic Times, 14 Aug, 2013)

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MEDIA MONITOR

Macro Metre

Industrial output drops 2.2 % in June

Hit by high retail inflation and interest rates, India's industrial production dropped by 2.2 per cent in June this year as compared to the same month in 2012. The key segments like mining and manufacturing remained deep in trouble. While mining showed a de-growth of 4.1 per cent, manufacturing declined by 2.2 per cent in June. In terms of industry, 13 out of the 22 groups have shown negative trend for instance the group 'furniture' showed the highest decline of 23.8 per cent followed by 'medical instruments' (14.2 per cent).



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CPI inflation slows to 9.64% in July

compete in the tough global market.



Knowledge Store

HR Heuristics

In India, aging rulers prevail young turks



India is perhaps the only country amongst the big-league corporatized nations, in which you can specify rigid age bracket for hiring including for the top-job.

[Read the full article](#)

Finance Fundamentals

The future for SME lending appears bright



By Swati Dayal

Under the global banking norms called Basel-III, banks have to follow stricter lending rules and provide for stringent provisioning which entail higher cost that would eventually be passed on to the borrowers. There have been concerns over the issue, particularly in regard to small borrowers.

[Read the full article](#)

Marketing Mantras

'You need to be passionate, fearless to be an entrepreneur'

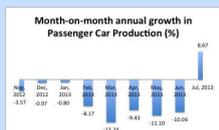


There is an idea that a "real" entrepreneur can only be "born". There is some innate, intangible quality, which makes a person an entrepreneur - that there is no room for outside intervention to retain the sanctity of that title.

[Read the full article](#)

Policy Polemic

Industrial downturn



What is worrying is that this recessionary trend is affecting key

Retail inflation marginally declined to 9.64 per cent in July from 9.87 per cent in the preceding month as prices of cereal, pulses, fruits and sugar softened. The consumer price index-based inflation had been falling for three consecutive months before June. The food inflation in July softened to 11.24 per cent from 11.84 per cent in the previous month, according to the official data.



[Read Details](#)

Domestic Digest

IKEA to tie up with handicraft, handloom makers for Indian stores

Swedish furniture major IKEA which has begun the process of setting up stores in India will be collaborating with handicraft, handloom and leather sectors for sourcing of products. This was conveyed to the Commerce and Industry Minister Anand Sharma here recently by IKEA CEO Mkael Ohlsson. IKEA which plans to invest Rs 10,500 crore in India and set up 25 retail stores will also engage different clusters. To begin with, the Swedish home furnishing company will set up sales outlets in Haryana, Andhra Pradesh, Maharashtra and Karnataka, the report said.



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Committee under RBI to examine MSMEs' credit issues

In order to examine issues relating to improvement of credit to micro small and medium enterprises (MSME), a standing advisory committee has been constituted by the Reserve Bank of India (RBI) with Deputy Governor as the Chairman. "A standing advisory committee has been constituted by the RBI with Deputy Governor as the Chairman, officials of Ministry of MSME, banks and associations as members, to discuss issues concerning MSMEs. It examines issues relating to improving of credit to the sector and other difficulties," said the Minister of MSME K H Muniyappa here. Further, Empowered Committees (EC) have been constituted at the regional offices of RBI under the chairmanship of the regional directors with representations from state level bankers' committee (SLBC) conveners, senior level officers, etc.



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Govt revises export target for textiles sector

The Government has raised the annual exports target from USD 36 billion to USD 43 billion in the backdrop of continued rupee depreciation and on request of the export promotion councils. "In July 2013, government has raised the annual export target for textiles from USD 36 billion to USD 43 billion following discussions with textiles export promotion councils in the backdrop of rupee depreciation and strong industry performance," said an official statement. Meanwhile, the Indian apparel exports have shown improvement with double digit growth in the last three months.



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Southern states to face 19% power shortage this year

Southern states which are reeling under power cuts are expected to have overall energy shortage to the extent of 99.1 per cent during 2013-14, Parliament was informed recently. Sharing the information in the Lok Sabha, Power



recessionary period is affecting key manufacturing sectors, including the once rapidly growing passenger car industry.

[Read the full article](#)

SME Special

Privacy paranoia - a boon for startups



The woes of spy agency NSA may be a boon for startups in the privacy space.

[Read the full article](#)

Darjeeling tea was the first Indian product to get the GI tag



Geographical indication (GI) is a name or sign used on certain products which corresponds to a specific geographical location or origin.

[Read the full article](#)

Success Story

How Jetking rose from the abyss of failure



You could say that most Indian companies were at the cusp of radical upward chance at the beginning of the 90s. The economy was in rubble and the only way for it was up – the now famous policy reforms were inevitable and entrepreneurs knew that it was not long before they were going to be free from state controls and the conservative mindsets of administrators.

[Read the full article](#)

Stockpile

The Index of Industrial Production, the lead indicator of industrial production trends in the registered factory sector, contracted 2.2 per cent in June 2012, after a 2.8 per cent decline in May.

[Read the full Text](#)

The Consumer Price Index for July 2013 on point to point basis (July 2013 over July 2012) is 9.64 per cent as compared to 9.87 per cent for the previous month of June 2013.

Minister Jyotiraditya M Scindia said that overall the country was likely to face shortage of 6.7 per cent in power supply in the current year. He listed various measures to overcome power shortages in the country which included monitoring of capacity addition of the ongoing generation projects. Industries in the southern states including Andhra Pradesh, Tamil Nadu and Karnataka are the worst sufferers of power shortages in this year.

[Read More](#)

Industry, govt to blame for poor textile growth, says textile minister

Both government and the industry are to blame for the sorry state of affairs in the textile sector, Textile Minister, K Sambasiva Rao said. Speaking at a PHD Chamber of Commerce and Industry (PHDCCI) function here, "Due to negligence of both government and industry the textile industry has witnessed passive growth which needs to be reversed," he said. He attributed the current state of affairs in which the domestic industry is losing its competitiveness in the market, to reluctance of both the government and industry to invest in research and development in the sector. That, he said was one of the primary reasons for the decline in the Indian textile industry's share in global trade.



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MSME to be focus area for Bank of Baroda

Micro Small and Medium Enterprises (MSMEs) account for 23 per cent of the total loan portfolio of the Bank of Baroda (BOB). The loan portfolio for MSMEs for BOB is much higher than the retail and agriculture sector. The Mumbai based BOB which has a large network of overseas branches is eyeing the MSME sector for further growth, Chairman and Managing Director of BOB SS Mundra said recently. Speaking on the side-lines of the Federation of Indian Chambers of Commerce and Industry (FICCI) banking conclave, Mundra said the focus on the retail, agriculture and MSMEs is imperative in the wake of slowdown in the loan demand from big corporates and new investment.



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Small units get a boost with CSIR's new technology

The Council for Scientific and Industrial Research (CSIR) has made a major economic difference to small and medium enterprises (SMEs) in many states through its latest technology and measures. "CSIR is partnering with the National Innovation Council to provide strategy and technology interventions needed for enhancing the base of Micro, Small and Medium Enterprises (MSME)," said the Minister of Science and Technology S Jaipal Reddy here. Significantly, it has reduced the dependency on Ukraine clay from 20 per cent to about one per cent by developing indigenous substitute of the clay in granite ceramic tiles, which has helped the SMEs of Gujarat.



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Demand for Indian silk on the rise

Demand for Indian tussar silk has increased substantially in the last three years and exports too have been on the rise, reflecting global interest in the traditional Indian handicrafts. "The Government of India has been implementing various schemes for overall development and promotion of the handloom sector including weavers



[Read the full Text](#)

Quotable Quotes



"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."

- Warren Buffett, Chairman and CEO of Berkshire Hathaway

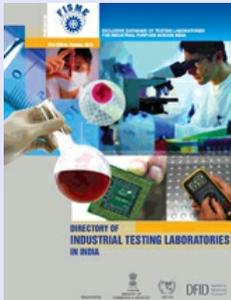


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Handbook for Managing Export Payment Risks

of traditional Varanasi, pochampalli and Indian tussar silk," said Minister of State for Textiles, Panabaaka Lakshmi in the Lok Sabha. She made it clear that traditional banarasi/pochampalli and Indian tussar silk were not on the verge of closure in the country.

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Innovation driven business critical for growth, says MSME Minister

In the present competitive world, innovation driven entrepreneurship is critical for the growth of the Indian economy, said Minister for Micro, Small and Medium Enterprises, K H Muniyappa. Speaking at the inauguration of the Indian School for Entrepreneurs and Enterprise Development iSEED, here today, "Worldwide, the micro small and medium enterprises (MSMEs) primarily driven by first generation entrepreneurs have been accepted as the engine of economic growth and for promoting equitable development. The MSME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation," he said.



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State Scan

Andhra Pradesh

Division not to affect investors, says AP Minister

From Manne Srinivas Rao
Given the rich natural resources and sound infrastructure across all regions of the state, the Government of Andhra Pradesh is confident that each region will remain a favourite investment destination even after the division of the state. Minister for Major Industries, Sugars, Commerce and Export Promotion of the state J Geeta Reddy pointed this out, requesting all investors, in major, micro small and medium industries not to be anxious. Addressing a preliminary meeting of Industry Associations regarding Division of Andhra Pradesh State, she said, "Each region of the state has unique resources and industry advantages. The choice of any investor will be based on the availability of the infrastructure like land, road network, rail network, port and airport connectivity, power supply, waste management and resources available at a particular location."



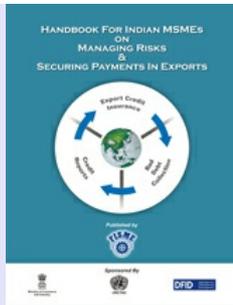
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Assam

Small units of Assam suffer due to disruption in road services

By Rishi Raj Baruah
Small units and tea estates of Assam have suffered enormously owing to disruption in roads and railway services caused by bandhs called by different organisations in their demand a for a separate Bodoland. "Small units have suffered losses upto 20 per cent in the past six-seven days due to delay in receiving raw-materials and sending finished products from one place to another because of the bandh," said the State President of the North Eastern Small Scale Industries Association (NESSIA), Sailen Baruah. The bandh supporters have snarled the railway tracks and at several places on the





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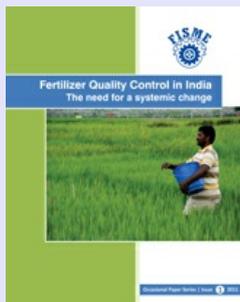
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Fertilizer quality control in India: Need for change



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

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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

supporters have squatted on railway tracks and at several places on the national highways. They have also targeted vehicles and burnt tyres due to which truck drivers are not ready to pass through the affected areas, he said.

[Read Details](#)

Jammu & Kashmir

Industry loss from Jammu violence estimated at Rs 180 crore

By Lalit Mahajan

Owing to the spark of violence that erupted in the Kishtwar town of Jammu Division on August-9, the trade and industry has suffered an estimated loss of approximately Rs 180 crore besides production loss. The violence began with clashes between two communities during the morning hours in Kishtwar



Town. Thereafter, owing to bandh and curfew in all 10 districts of Jammu Division, the trading community is estimated to have suffered a loss of Rs 80 crore in Kishtwar Town while a loss of about Rs 50 to 100 crore has been estimated for trade and industry in other parts of the Jammu Division including Jammu. With disruption of production activities, shortage of raw materials and delay in dispatch of finished goods due to imposition of curfew, the industrial sector remained the most affected.

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Kashmir Pashmina gets GI mark

Every hand woven Kashmiri Pashmina shawl will henceforth get a GI (Geographical Indication) mark, imprinted in the form of a label, after it is tested for originality of fabric, fineness of thread, spinning method and weaving technology. The Kashmir Pashmina GI mark was launched recently by Chief Minister, Omar Abdullah during the inauguration of the Testing and Quality Certification Centre at the Craft Development Centre, according to a media report. Details of the manufacturer and quality of the shawl will also be indicated on the label. The move is expected to restore the glory of Kashmiri handicrafts and lead to the economic prosperity of the artisans, towards which the state has initiated all possible measures.



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Karnataka

Karnataka constitutes manufacturing task force

In keeping with the National Manufacturing Policy, the Government of Karnataka has constituted a Manufacturing Task Force (MTF) to formulate a vision and strategy document to enhance the share of manufacturing sector to the gross state domestic product (GSDP). The MTF has begun its task of collecting the required input and interacting with various stake holders, according to Commissioner Industries, Government of Karnataka, MM Rao. Having been appointed knowledge partner for MTF, Grant Thornton Advisory Pvt Ltd will be contacting all the stakeholders, associations etc. for collection of suggestions and inputs. Towards this, a request letter addressed to all the stakeholders and associations has been sent through courier and it is hoped that they would provide all the required inputs.



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Karnataka gets country's first MSME Technology Development Centre

With the foundation stone laid for an MSME Technology Development Centre in Bangalore and steps being taken to establish another in Belgaum in north Karnataka, the state will have two such



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Starting a New Venture

Coming August, [K.J Somaiya Institute of Management Studies and Research](#) located in Vidyavihar, Mumbai is launching a certificate programme on Creating New Ventures.

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centres that will create additional jobs for the educated and encourage more people to become entrepreneurs. The



foundation stone for the technology development centre was laid at the Bengaluru Aerospace Park near the Bangalore International Airport, by the Union Minister for Petroleum and Natural Gas, M Veerappa Moily. Speaking on the occasion, Union Minister of State for MSME K H Muniyappa said that a second such centre would be established in Belgaum to cater to the people of the north Karnataka region.

[Read Details](#)

Punjab

Govt sanctions Rs 12 crore for tech institute to cater to MSMEs in Punjab

The Union Ministry of Commerce and Industry has sanctioned Rs 12 crore towards improving equipment at the Institute for Auto-parts and Hand Tools Technology here. The move will prove to be a boon for hand tool makers of Punjab as the soon-to-come state of the art facility will ensure that product quality is of international standards. About 400 micro small and medium units are expected to benefit from the same. The facility is expected to help cut imports of cold forge sockets by Rs 1,000 crore annually, and at the same time enhance India's export of hand tools from the present Rs 850 crore to Rs 3,000 crore in the next three to four years.



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World Watch

China



Eight of top 20 ports belong to China

Eight of the world's top 20 container ports are in China including Shanghai. None of the Indian ports figures on the list. Shanghai, Shenzhen, Zhoushan, Guangzhou, Qingdao and Hong Kong are listed among the top container ports of the world. Dubai (UAE), Rotterdam (the Netherlands), Hamburg (Germany), Antwerp (Belgium), Los Angeles (USA),



Tanjung, Pelepas (Malaysia) and Long Beach (USA) are the other major ports of the world according to the data compiled by the port of Rotterdam authority.

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China slaps stiff fines on foreign milk powder firms

China has imposed fines amounting to as much as USD 108 million to six milk powder companies, owing to anti-competitive practices by the global baby formula makers. "China has issued record fines of 670 million yuan (108 million U.S. dollars) to six baby formula companies on the mainland following



an anti-trust probe, the country's top economic planner announced Wednesday," said a Xinhua report. The six companies named in the report are Biotime, Mead Johnson, Dumex, Abbott, Friesland and Fonterra, said the National Development and Reform Commission (NDRC).

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European Union



EU's Switch Asia establishes eco-friendly park in Jaipur

Switch Asia, a project supported by the European Union (EU) has established an eco-friendly textile park in Bagru (Jaipur) which will eventually employ



1500 workers with a turnover of around Rs 90 crore. "The objective of the Switch Asia programme is to reconcile the increased demand for goods and services while minimising the use of natural resources, toxic materials and emissions of wastes and pollutants," said head of the operations EU, Arno Schaefer at the inaugural function here. Further on the basis of Jaipur model, 29 other approved textile parks will come up all over India.

switchasia
PROGRAMME

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Reader Reactions

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Opportunities

Business opportunities for India in Turkey

There are business opportunities available for Indian companies in Turkey. The interested MSMEs can check details.

[Read Details](#)



New Members

3 New Members Join FISME

During the period from August 1, 2013 to August 15, 2013 a total of 3 new MSMEs became member of FISME.

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