

**President's Message****Ode to entrepreneurial spirit**

An entrepreneur is a hero in developed worlds,
Or is it that those worlds are developed
'cause they idolize their entrepreneurs

- Shri V.K. Agarwal, President FISME during inaugural of SME Forum, Gurgaon reacting to despondency among MSME entrepreneurs due to Government's apathy
[Read full Message](#)

**Upcoming Events****INNOVATION-LAB**

Hotel Hyatt Regency, Pune
August 22, 2012

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Celebrating SME Achievers of 2012

[Read More](#)

FISME & UNCTAD
to hold
Stakeholder Consultation
on
Leather Sector

Chennai
September, 2012

**Other Events****Avnet X-fest 2012**

Date: July-August, 2012

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

- [FISME jointly organised India SME Forum in Gurgaon](#)
- [FISME delegation meets Secretary, DIPP](#)
- [RBI's Monetary Policy Review- likely impact on MSMEs](#)
- [FISME Vice President nominated to Facilitation Council \(Chennai\)](#)

Macro Metre

- [RBI holds rates steady, ups inflation forecast](#)

Domestic Digest

- [Policy to help entrepreneurs submitted](#)
- [SIDBI pegs MSME credit at over Rs 62k cr in FY13](#)
- [Centre for greater role of SMEs in defence electronics](#)
- [West Bengal, AP generate more jobs in SMEs](#)
- [Kerala to set up 20 MSME clusters](#)

World Watch

- [Harper Government Kick-Starts Canadian Entrepreneurs](#)
- [Malaysia unveils its 'SME Master plan'](#)

Knowledge Store

- [SARFAESI ACT, 2002 - Borrower's woes](#)
- [Overview of Group Term Life Insurance](#)

[And A Lot More](#)**ACTIVITIES****FISME jointly organised India SME Forum in Gurgaon**

FISME, the leading representative of Indian Micro, Small and Medium Enterprises (MSMEs), has jointly organised India SME Forum and Award presented by Reliance Commercial Finance on August 3, 2012 in Radisson Blu Suites, Gurgaon. This was the second such event under a series titled 'India SME Forum - sustainable competitiveness and growth, profitably' being held across the country.

[Read More](#)**FISME delegation meets Secretary, DIPP**

A FISME delegation under the leadership of Shri V.K. Agarwal, President, FISME met Shri Surabh Chandra, Secretary, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India to discuss MSME related issues under the National Manufacturing Policy (NMP). During the discussions, a number of areas were identified where FISME would work together with DIPP for operationalizing MSME specific components of the policy. The NMP aims to enhance manufacturing contribution to GDP from the current 16% to 25% in the next 10 years - by 2022, thus creating over 100 million jobs in the process. To achieve this goal, the NMP focuses on six industrial verticals viz. labour intensive sectors (textiles, garments, leather, gems and jewellery etc.); Capital goods; Strategic industries (aerospace, shipping, IT etc.); Industries with competitive advantage (automobiles,

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

MSMEs feel trade credit from business partners has shrunk: Survey



According to The FISME Factor survey, an overwhelming majority of MSMEs, 93%, think that the trade credit that they used to get from their business partners has shrunk and the terms of credit has also worsened compared to the past.



Editorial

Dear Readers,
Once again the RBI has stuck to its policy of not effecting a cut in the basic interest rates. The move to reduce the Statutory Liquidity Ratio to 23%, down from 24%, combined with the RBI's Open Market Operations to purchase securities worth some Rs 86,000 crore should, however, inject sufficient liquidity into the system as our Advisor (Finance) Shri Rajesh Dubey has pointed out in his review of the RBI's review of monetary policy. Read his review in our Activities section brought exclusively to readers of The FISME Factor. Our survey in the last issue has revealed that an overwhelming majority feel there has been a reduction in the trade credit offered by business partners now as compared to the past. There is, therefore, an urgent need for restoring confidence within the business community in order to revive the flow of trade credit which happens to be the single largest

pharmacy); and MSMEs and Public sector Enterprises.

RBI's Monetary Policy Review- likely impact on MSMEs



The following is an exclusive review for FISME members of the RBI's review of Monetary Policy announced on July 31, 2012. Rajesh Dubey, Advisor (Finance), FISME is the author of this review.

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FISME VP nominated to Facilitation Council (Chennai)

The Government of Tamil Nadu has nominated FISME as a member of the Facilitation Council (Chennai). The Government Order was issued on July 26, 2012. Shri D. Gandhikumar, Vice President would represent FISME at the Council. The Facilitation Councils in the States were set-up to assist Micro and Small Enterprises (MSEs) secure the payments due to them. The MSMED Act, 2006 provides establishment of Facilitation Councils in the States. If the payment due to a MSE exceeds 45 days, the aggrieved MSE can approach the Facilitation Council in their respective state/ region in whose jurisdiction it falls. If the Council is convinced, it can pass the order for the buyer to pay up the outstanding amount with interest or it can be increased to three times the prevailing bank rate of Reserve Bank of India compounded on monthly basis.



Voice Your Views

Do you think the business outlook for the second quarter of the current fiscal (July-September, 2012) is better than the first quarter (April-June, 2012)?

Yes No

[You can also view online](#)

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MEDIA MONITOR

Macro Metre

RBI holds rates steady, ups inflation forecast

The Reserve Bank of India (RBI) left interest rates unchanged recently for the second straight review, showing that bringing down stubbornly high inflation is its top priority even as economic conditions deteriorate. Underlining its policy dilemma as it faces pressure to reduce rates, the Reserve Bank of India (RBI) cut its economic growth forecast for the fiscal year to March 2013, while at the same time raising its inflation forecast. The RBI left its policy repo rate at 8 percent and cash reserve ratio for banks at 4.75 percent. The CRR is the share of deposits banks must keep with the RBI.

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Domestic Digest

Policy to help entrepreneurs submitted

As advised by Sam Pitroda, Advisor to the Prime Minister, and supported by Ministry of MSME, & IDBI Bank Ltd., Entrepreneurship Development Institute of India has developed and submitted the draft national entrepreneurship policy to Sam Pitroda and Secretary, MSME. The policy is different from micro, small and medium enterprise (MSME) development policy. While MSME policy

source of funds in the MSME sector. This time our survey question deals with the business outlook for the second quarter of the current fiscal. Do participate and voice your views.

Editor

The FISME Factor

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Knowledge Store

Banking Baatein

SARFAESI ACT, 2002 - BORROWERS' WOES.



Many instances have come to light about borrowers' woes particularly those belonging to the SME sector and who are languishing because of the callous and apathetic treatment being meted out to them by Authorised Officers of banks and some DRT Presiding Officers in violation of the rules and regulations under the SARFAESI Act.

[Read the full article](#)

Finance Fundamentals

Overview of Group Term Life Insurance



The Group Term policy enables a company to pay a lump-sum

focuses on existing enterprises or a group of enterprises (clusters), entrepreneurship policy focuses on individuals with an expectation that they would move towards entrepreneurship.

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SIDBI pegs MSME credit at over Rs 62k cr in FY13

The Small Industries and Development Bank of India (Sidbi) has projected a 17 per cent growth in the micro, small and medium enterprises (MSME) lending to over Rs 62,000 crore during the current financial year. Sidbi's outstanding credit to the sector had clocked Rs 53,785 crore for the financial year 2011-12.

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Number Crunch - Grassroot business growth

The spirit of entrepreneurship is not restricted to ultra-high net worth individuals in India, with an increasing number of ordinary working class citizens in India venturing into businesses on their own. The number of micro, small and medium enterprises (MSME) in India has nearly tripled from around 105.21 lakh in 2001-02 to 311.52 lakh in 2010-11, as per the latest data from the MSME Ministry in charge of steering the fortunes of these intrepid investors. The 45 per cent contribution of the sector to the country's total industrial output and 40 per cent to the Gross Domestic Product (GDP) is a testament to these MSMEs' vital importance and place in the Indian economy.

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Power deficit leaves 25,000 TN units sick

Tamil Nadu has over 25,000 sick units and nearly 40 per cent of the 7.2 lakh registered small and medium enterprises (SMEs) in the State are crippled because of irregular power cuts, according to industry sources. Besides the power cuts, financial, marketing and production constraints have affected the once thriving sector. According to a Reserve Bank of India data - figures available till March 31, 2012 — the State has 25,433 sick units with outstanding debts amounting to Rs 817.18 crore. Among these sick units, only 91 micro and small units are being revived, which highlights the enormous challenges faced by the sector.

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SIDBI is optimistic of matching last year's loan target of 17%

Though larger industries are witnessing a slowdown, micro, small and medium enterprises (MSMEs) are still going strong, believes NK Maini, deputy managing director, Small Industries Development Bank of India (SIDBI). In a conversation with Vishwanath Nair, he talks about Sidbi's plans for the current fiscal and how the lender plans to support smaller corporates.

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Focusing on strategy of calibrated 16% growth: IDBI



IDBI Bank wants to put its money where its mouth is. Over the last two years, the public sector bank has taken a calibrated approach to growth, focusing more on the bottom-line than the top line. In an interaction with Business Line, B.K. Batra, Deputy Managing Director, said his bank is focusing on lending more to micro, small and medium enterprises (MSMEs) as they fetch better margins.

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Centre for greater role of SMEs in defence electronics

The government is committed to encouraging the involvement of the private sector in defence, especially in the strategic electronics space, said Union Minister of State for Defence M M Pallam Raju here. He also added, this should bolster the indigenisation of defence technologies and helps increase the role of SMEs and also help face any external threat.

[Read More](#)

Kerala to set up 20 MSME clusters

Twenty industrial clusters would be promoted in the micro, small and medium

amount to the dependents of their employees in case he/she dies. The policy covers both natural and accidental death. The cause of death is not relevant. In fact to ensure a hassle free experience only suicide is considered as an exclusion that too for the first year. As a company contemplates whether to go for Group Term Life or not, several questions need to be answered including the preferred insurance company, their claim settlement experience etc. SecureNow has tried to answer few of these questions below.

[Read the full article](#)


Marketing Mantras

Voice applications on cloud for SMEs



Knowlarity, a cloud telephony company, was founded in 2009 by Ambarish Gupta and Pallav Pandey. The two IIT-ians pooled in their experiences of working at global consulting firm McKinsey to launch the new venture. They decided to address the need for technology for India's small and medium enterprises, creating a platform for voice application services hosted on the cloud or common servers.

[Read the full article](#)



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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

enterprises (MSME) sector across the State during the current financial year at an investment of Rs.136 crore, said M.C.Sampath, Minister for Rural Industries and Noon Meal. Nine of these clusters would be set up in collaboration with the Coir Board and one of them would be situated in Pudukottai, he said, speaking on the side-lines of a function to mark the opening of a showroom in Tiruchi.

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West Bengal, AP generate more jobs in SMEs :Survey



West Bengal, Andhra Pradesh and Uttar Pradesh have emerged as the top three states, respectively, in the growth and generation of jobs in the small and medium enterprises sector. The reference period is between April 2011 and February 15, 2012, according to one of the apex industry bodies. West Bengal is the front-runner state by generating over 43,000 job opportunities. It has assisted 5,290 units utilising about Rs 52.49 crore of the margin money subsidy of the Centre.

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Gujarat a dawdler in SME sector job creation: Survey

A downward trend in job creation in a deteriorating economic condition, particularly in the small and medium enterprise (SME) sector, has emerged in the last one year in Gujarat according to a study by one of the industry apex bodies. Considering that a meagre 8,058 jobs were generated in the SME sector between April 2011 and February 15, 2012, the industry apex body recently urged the Gujarat Government to further strengthen and widen the base of the sector in the State.

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Plan Panel paper calls for boosting SME growth

As the country faces external headwinds, a view has emerged in the Planning Commission to boost the small and medium enterprises (SME) sector, for putting the country on a sustained high growth path in the 12th five-year Plan (2012-17). A paper, presented by the Planning Commission at a meeting with state planning boards, says small businesses are a way to faster growth, as SMEs are more attuned to the domestic economy.

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UP for district-wise MSME database

The Uttar Pradesh government is collating a detailed district-wise database of micro, small and medium enterprises (MSME). This is likely to benefit the 3.1 million-strong MSME sector in the state by facilitating easier flow of information and intra/inter business networking. The database would be uploaded on the departmental website in 2-3 months. Mukul Singhal, principal secretary, small scale industries and export promotion, UP, said the state industry facilitation council would also be revived by next month.

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Jupiter Infomedia plans IPO, to list on SME platform of BSE

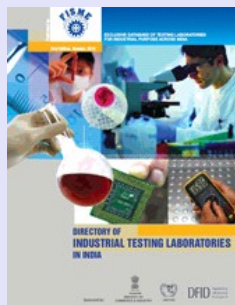
Jupiter Infomedia is coming out with a public issue of 20.40 lakh equity shares at a price of Rs 20 per share, aggregating to Rs 4.08 crore. The issue of Jupiter Infomedia will open on July 30 and the shares will be listed on SME platform of BSE Ltd, a company statement states. Out of the total issue, 5.40 lakh shares will be reserved for the promoters, 1.80 lakh for the market maker and 13.20 lakh shares will be offered to the public. The issue and the net issue will constitute 58.45% and 37.82%, respectively, of the post issue paid up equity share capital of the company.

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Experts urge people to set up MSMEs in Jharkhand

The state industry department recently organized a seminar to promote micro, small and medium enterprises (MSMEs). Experts from different sectors, including banks and business schools, informed the participants about the possibilities of setting up MSMEs with government assistance. State industry secretary AP Singh said MSMEs are considered to be the backbone for industrial development, but surprisingly, a large number of aspiring and existing entrepreneurs are not aware of the benefits like subsidies and bank guarantee that government provides for such enterprises.

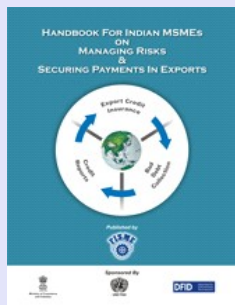
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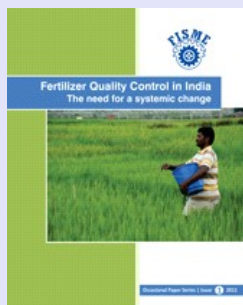


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SMEs will not be able to scale up business without IT platform



In an exclusive interview with SME Times, Lizum Mishra, Director, Business Software Alliance (BSA) India said that without robust software and IT platform, Indian SMEs will not be able to increase productivity and scale up their business, which will make them uncompetitive in the market.

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Faridabad SMEs get lessons in wealth management

Faridabad medium and small enterprises (MSMEs) have decided to take financial lessons from global banks operating in the region - like Citibank and ICICI - to get a hang of the financial tools. It is useful in prevailing scenario of falling rupee against dollar. The initiative is expected to boost the morale of 20,000 MSMEs of Faridabad.

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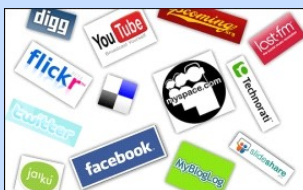
Gems and jewellery exports up 7.44 percent in June

India's gems and jewellery exports grew by 7.44 percent in June on account of substantial increase in gold jewellery exports to the Middle East countries, said the Executive Director, Sabyasachi Ray, Gems and Jewellery Export Promotion Council (GJEPC). "The gems and jewellery exports declined in the month of April and May this year. But, in the month of June there has been an increase of growth due to the surge of gold jewellery exports to the middle-east countries. Exports to the Middle East have been very satisfactory last month," he told SME Times.



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Social media adoption by SMEs



Social media in India is growing at 100% and by 2014, 129.3 million Indians are expected to join the social media forums. According to eMarketer, fastest growth in social networking this year will come from India, followed by Indonesia and China. With an increasing number of users registering on social media websites, Small and Medium Enterprises (SMEs) can successfully use social media platforms to promote their business. Despite the fact that social networking sites now reach 82% of the world's online population and social networking is the most popular online activity worldwide, SMEs are not capitalising on it.

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World Watch

Focus On Canada

Harper Government Kick-Starts Canadian Entrepreneurs

The Honourable Rona Ambrose, Minister of Public Works and Government Services and Minister for Status of Women, is pleased to announce that the Government of Canada will partner with Canadian entrepreneurs to buy and test 20 new innovations through the Canadian Innovation Commercialization Program.

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Focus on Malaysia

SME Bank reaping benefits of transformation



SME Bank Bhd, which is in the midst of a five-year transformation plan, has seen improvements not



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](#)



SME Bank managing director Datuk Mohd Radzif Yunus (left), SME Bank chairman Datuk Gumuri Hussain (centre) and Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah at the launch of the SME Revitalisation Scheme recently.

only in its balance sheets, but also in the way business is done and in service delivery. Financially, the bank, which was set up about seven years ago to cater to the needs of small and medium enterprises (SMEs), returned to the black last year after two

years of losses since 2009.

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Malaysia unveils its 'SME Master plan'

The Malaysian government has launched a new "game changing" programme to take small and medium enterprises (SMEs) to a higher level. The SME Master plan (2012-2020) has proposed six high impact programmes, reinforced by other key initiatives, to boost the SME sector within the next eight years.

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Focus on Australia



Deal helps Amcor build small customer base

Melbourne-based global packaging supplier Amcor Ltd. has bought an industrial tape and packaging distributor to build its Australian small and medium-sized (SME) customer base. Amcor manufactures PET containers for beverages; flexible packaging for the food and healthcare markets; tobacco packaging; and corrugated boxes. The company bought Melbourne-based KMJ Pty. Ltd., trading as Wayne Richardson Sales, on June 28 for an undisclosed amount.

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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

3 new members join FISME

During the period July 15, 2012 to 1 August a total of 3 new MSMEs became members of FISME.

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