



Federation of Indian Micro and Small &amp; Medium Enterprises

# The FISME Factor

Bi-weekly bulletin of India's largest MSME organisation

Vol III, Issue 38: July 15, 2013

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## President's Message



### CST: Time to bury the nuisance tax

" Thousands of MSMEs are hauled up across the country by State Tax Authorities because their buyers would not furnish C-Forms- a document which is issued to the buyer from his state and it is to be given to seller within three months to establish that both the parties are registered dealers. Punishment and harassment follows for someone else's default, often due to inability of authorities themselves to issue such forms in time. As GST continues to be mirage, it is time businesses provided succor through some simple reform measures FISME suggested recently. "

-Shri D. Gandhikumar, President FISME  
[Please see accompanying notice](#)

**Launch of  
 KNOWLEDGE & NEWS  
 NETWORK (KNN)  
 on  
 Thursday 25th July 2013  
 New Delhi**



## What's Hot?

### Activities

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...And A Lot More



## ACTIVITIES

### FISME's Seminar on Opportunities for Indian SMEs in Poland



Part of the series of events Federation of Indian Micro and Small & Medium Enterprises (FISME) organizes to expose Indian MSMEs to international trade, a seminar on 'Business opportunities in Poland' was organized with Polish Embassy in New Delhi.

The seminar was addressed by H.E. Piotr Klodkowski, Ambassador, Embassy of the Republic of Poland. Indian export basket has expanded considerably since 1990s with opening up of economies of both the countries. While India used to export traditional goods such as tea, spices, textiles, cotton and leather, now major items include auto and auto components, pharmaceuticals, plastic, rubber and electric machinery.



[You can also view online](#)

### Movie - Indian IPR Exchange



[You can also view online](#)



### 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

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### FISME to co-organize SME Tradeshow in Rwanda



Led by the Ministry of Micro, Small and Medium Enterprises, key Indian agencies have lined up their cooperation initiatives for development of Small and Medium Enterprises (SMEs) in Rwanda. Further, the President of the Federation of Indian Micro

and Small & Medium Enterprises (FISME), Mr D Gandhikumar has extended full support to High Commissioner of Rwanda during Rwanda Day celebrations in New Delhi recently. The chamber has agreed to co-organize an exhibition in Rwanda during the month of September this year to showcase products manufactured by the Indian MSMEs.

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### Voice Your Views

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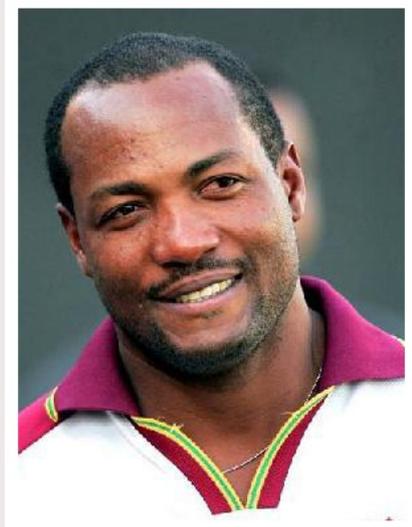


### Business Banter: Lessons from Entrepreneurs

#### Set small goals

-Brian Charles Lara, former International Cricket Player

The key for has been setting small goals from a very early age and achieving them. "I knew at age 14, I could not play for the West Indies senior team, but I could have been the best batsman in school, I could have been the best under-16 batsman. That was my main focus and I was steadfastly working towards those things," Brian Lara, former International Cricket Player said. "Obviously achieving them always gave me the confidence to keep going the following year to achieve greater things," he added.



[Taken from ET's eleven success mantras of batting genius Brian Lara]

[See Details](#)

## Rajiv Gandhi National Quality Award 2012

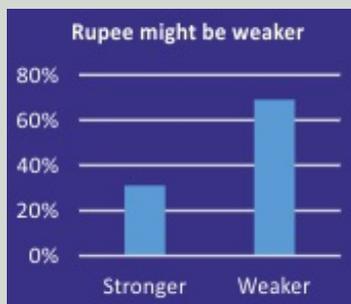
Bureau of Indian Standards under Ministry of Consumer Affairs, Food and Public Distribution, Government of India invites applications for Rajiv Gandhi National Quality Award for year 2012.

[See Details](#)



### Your Views

#### Rupee might get weaker over next six months: MSMEs



According to *The FISME Factor* 69 per cent of the Micro, Small and Medium Enterprises (MSMEs) feel rupee might get weaker whereas 31 per cent of them say it might get stronger over next six months against US Dollar.



### Knowledge Store

#### HR Heuristics

#### How Indian mythology can help in choosing a good CEO



You need to list all the things that you feel you did to be a good CEO and map if these qualities exist in some measure in either of the candidates.

[Read the full article](#)

## WRITING ON THE WALL

### While we were silent

Pratap Bhanu Mehta

**A story of destructive governance and citizens who did not speak out**

First, the UPA came for the roads sector. They destroyed contracting. They slowed down road construction. They left highways half built. We did not speak out. After all, the only reason the NDA could have started the golden quadrilateral is because they wanted to spread Hindutva.

[Read More](#)



## MEDIA MONITOR

### Macro Metre

#### India's exports decline by 4.36 per cent in June

India's exports, to which MSMEs contribute as much as 40 per cent, declined by 4.56 per cent in June owing to worsening demand in the global market. Exports dipped to USD 23.79 billion in June as compared to USD 24.5 billion in May. While, April-June exports stood at USD 72.5 billion, down 1.46 per cent year-on-year, June trade deficit remained at USD 12.24 billion, down from USD 20.14 billion in May.



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#### Inflation of mfg items declines; but prices of common goods remain high

The Wholesale Price Index (WPI) inflation for the month of June was at 4.86 per cent, better than what was expected but prices of essential commodities consumed by common man and wage workers remain excessively high. Core inflation came in at 2 per cent while the inflation figures during the corresponding month of the previous financial year stood at 7.58 per cent. Prices of onion, for instance, have gone up by almost 114 per cent in June from 97.40

## Finance Fundamentals

### Four reasons to let rupee be



We are a mostly open middle-income economy with a floating exchange rate — but our policymaking capacity is still designed for the old India.

[Read the full article](#)

## Marketing Mantras

### When planning to diversify, look before you leap



Let's say business is good, revenue is rolling in and you've weathered the tempest most SMEs encounter while seeking stability in the first couple of years.

[Read the full article](#)

## Policy Polemic

### SMEs adopting a global mindset: Oxford Research

Small and medium enterprises (SMEs) across the world are making major changes to their business models in order to cater to global demand, an Oxford Research has said.

[Read the full article](#)

## SME Special

### Gaming industry beckons Indian entrepreneurs



per cent during the previous month. Vegetables prices too went up by 16.47 per cent during the month, from 4.85 per cent in May. It was (—) 9.05 per cent in April. As per official data released today, WPI inflation in the food articles category rose to 9.74 per cent, driven mainly by price rise in onion, cereals and rice.

[Read Details](#)

### Falling rupee will impact India's intra industry trade

Since import contents in Indian exports have been more than 20 per cent in the recent times, rupee depreciation will affect Indian industry beyond calculations and hurt its production and profit margins. In addition, India's trade deficit will exceed all possible limits if rupee continues to slide and inflow of international investments will recede further, hurting prospects of growth revival, said a study by PHD Chamber of Commerce and Industry (PHDCCI).



[Read Details](#)

### ADB trims India's growth forecast

India's economic growth is likely to be 5.8 per cent this year, lower than the previously forecast 6 per cent, owing to slow progress in pushing through reforms which are needed to ease business bottlenecks, said a report by Asian Development Bank (ADB). The latest Asian Development Outlook Supplement released yesterday also pointed out that it was a challenge for Asia to maintain growth momentum. Significantly, the report trimmed the 2013 growth forecast for the 45 developing member countries of ADB to 6.3 per cent and cut its 2014 forecast to 6.4 per cent.



[Read Details](#)

## Domestic Digest

### Banks' move to shame guarantors will harm small businesses

Small businesses will find it even more difficult to get credit from banks because the lenders have now decided to name and shame even the guarantors in the case of defaulters. The small and medium enterprises are upset over the development as they wonder who will come forward to stand guarantee for them in case the guarantor runs the risk of getting named and shamed. "The industry ministers assure us that the MSMEs will easily get loans starting from Rs five lakh upto Rs five crore without any guarantors. But when we go to the banks, they ask us for so many documents and guarantors. It's really very difficult for the MSMEs to get loans from the





Meet Anand Khemani, who is the official licensee and distributor of nine international gaming titles. He also owns ten retail outlets in Tier I and Tier II cities across India. Welcome to Games The Shop.

[Read the full article](#)

## Success Story

### From tin shed to corporate chic, Viprab chisels an SME



A

tough-as-nails entrepreneur chisels a business in office furniture despite humungous odds. 'The government's incentives for SMEs never trickle down to us,' rues Saurabh Rohtagi.

[Read the full article](#)

## Stockpile

India's industrial production declined 1.6 per cent in May, due to sharp drop in manufacturing and mining output, government data showed recently, dampening hopes for revival in economic growth.

[Read the full Text](#)

India's annual consumer price inflation picked up in June to 9.87 per cent, after slowing for three straight months, government data showed recently.

[Read the full Text](#)

## Quotable Quotes

banks. We have to go through so much of trouble," said the owner of Florist Flower Crafts Kuteera Herbal Products, Priya Vandana Puranik from Belgaum, who is also a member of Association of Women Entrepreneurs of Karnataka (AWAKE).

[Read More](#)

## Credit offtake in MSEs better than medium scale firms

The micro and small enterprises are better off in terms of deployment of gross bank credit as compared to the large and medium enterprises, according to the April-May RBI data. While the credit deployment in micro and small firms grew by 20.6 per cent in April-May, the expansion of credit to medium scale companies was only 7.8 per cent underscoring the slowdown these firms are facing. Further, the sector-wise analysis of the credit deployment shows that the slowdown is seen significant among the transport operators. Their credit growth was only 4.5 per cent in April-May this year as compared to the same period last year.



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## About Rs 1, 25,000 cr is outstanding in MSME sector by banks: SIDBI

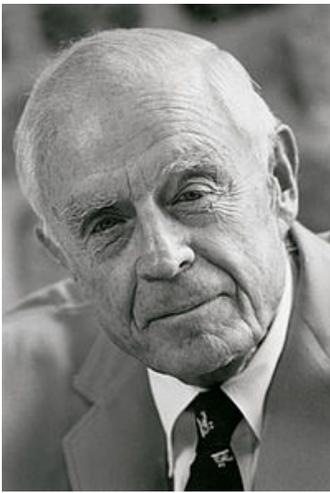
An amount of about Rs 1,25,000 crore is outstanding in the micro, small and medium enterprise (MSME) sector by banks, according to SIDBI chief, Sushil Muhnot. Speaking at an ASSOCHAM event held here last week, "A large number of proposals are being processed in the MSME space by the banking sector as about Rs 1, 25,000 crore is outstanding in the MSME sector by banks," the Chairman and Managing Director (CMD) of the Small Industries Development Bank of India (SIDBI), said while addressing a national conference on 'Credit Ratings: Assessment and Impact.'

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## Export of gems and jewellery declines by 16.6% in May

Gems and jewellery exports slipped by 16.5 per cent year-on-year to USD 2.70 billion in May owing to a falling demand from western markets. Last year, these exports stood at USD 3.24 billion, according to the data by the Gems and Jewellery Export Promotion Council (GJEPC). Gems and jewellery exports in May were also lower compared to the previous month when the exports were at USD 3.38 billion, around 33 per cent growth over the year ago period.

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" I believe the real difference between success and failure in a corporation can be very often traced to the question of how well the organization brings out the great energies and talents of its people. "

-Thomas John Watson, Jr., Second President of IBM



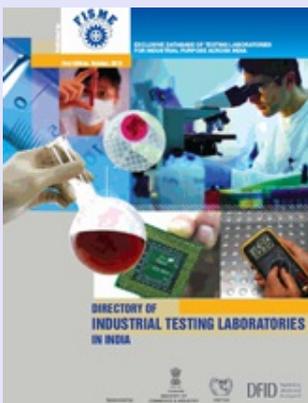
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## MSME Ministry to implement quality management standards in manufacturing

To enhance competitiveness of the micro, small and medium enterprise (MSME) sector, the Office of the Development Commissioner of the MSME Ministry is keen to see the implementation of quality management standards and quality technology tools in the manufacturing sector. The scheme 'Enabling Manufacturing Sector to be competitive through Quality Management Standards/Quality Technology Tools (QMS/QTT)' is a part of the National Manufacturing Competitiveness Programme (NMCP). One of the major components proposed for implementation under the scheme is 'Implementation of QMS/QTT in identified MSME clusters,' according to an official notification.

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## There is no limit for the growth of cottage industry: Textile Minister

The scope for growth of the cottage industry is unlimited, if the government simplifies procedures, takes decisions quickly without any red-tapism and gives financial support to artisans, said Textiles Minister Kavuru Sambasiva Rao recently. He said that the exporters have promised to take the export of handicrafts from USD 3.34 billion to USD five billion this year.



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## Micro industries seek special package from Manmohan

Reminding that they were the largest employment generating sector after agriculture, which contributed 40 per cent of the direct exports and accounted for 8 per cent of the country's gross domestic product, the Federation of Tiny and Small Industries of India, has sought the intervention of Prime Minister Manmohan Singh to break the almost 30 years' period of apathy by the government towards these entrepreneurs. The FTSII president Joginder Kumar said that the government's decision to raise the investment limit in plant and machinery for the small enterprises from Rs.25 lakh to Rs.5 crore had adversely impacted tiny or the micro units, which according to the census figures accounted for 99 per cent of the industrial base of the country.

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**State Scan**

### Karnataka

## Skill shortages in Biotech Industry; Karnataka wants to take lead

The biotechnology sector, like several industries in India, is facing a problem of skilled labour shortage. Though the field is actually multifaceted and includes

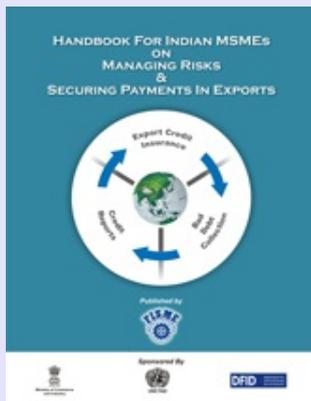


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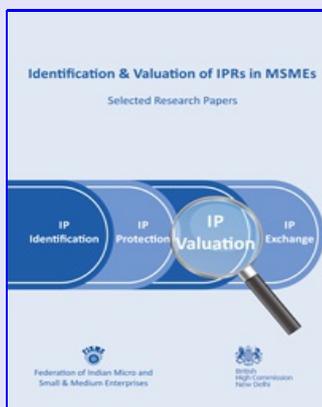
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### Free Publications

#### Identification & Valuation of IPRs in MSMEs



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#### Fertilizer quality control in

areas such as bio fuels, drug discovery, medical equipment, bio-pharma, still there are lesser trained people available for the industry which has a tremendous growth potential. Across different sectors of industry is facing problem of skilled labour shortage, which generally arise in the when employers face difficulties in finding staff with the appropriate skills, experience or qualifications to fill vacancies; when employers find that there are skill gaps as the existing employees lack the required skills; and when employers are unable to recruit the required staff due to other factors like low remuneration, unsatisfactory working hours, distant location, lack of sector-specific specialized skills.



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### Karnataka to set up 3 manufacturing zones for new industries

The Karnataka government would set up three National Investment Manufacturing Zones (NIMZ) across the state to become a preferred location for new industries, Chief Minister Siddaramaiah said recently. "The central government has granted approval to set up an NIMZ in about 12,000 acres of land near Tumkur. We are also trying to get approval for two more NIMZs at Gulbarga and Kolar," Siddaramaiah told captains of industry at an interactive session here. Tumkur is about 70 km from Bangalore, while Gulbarga and Kolar are about 650 km and about 100 km, respectively, from the state capital.

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### Kerala

#### Price hike of natural rubber worries industry

The SME sector is very concerned over the sudden steep rise in the price of natural rubber from Rs 179 to Rs 192 over the course of a week; as a similar rise had caused many units to shut down operations a couple of years ago. According to reports almost 500 units had to close shop two years ago when the price crossed Rs 200 per kg and therefore the All India Rubber Industries Association (AIRIA) has now raised alarm bells. Their cause for worry is justified as the domestic price of Rs 192 per kg is 21 per cent more than the international price which is Rs 159 per kg. The Rubber board has said that international prices had declined from Rs 168 per kg to Rs 159 per kg at the end of last month.



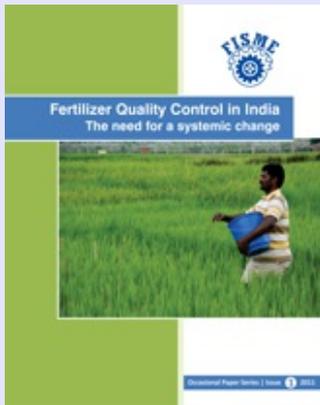
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### Maharashtra

#### Maharashtra traders protest over LBT

Trade associations across the state of Maharashtra will observe a two day state wide bandh starting July-15 to protest against the imposition of local body tax (LBT) by the government. LBT is the tax imposed by the local civic bodies of India on the entry of goods into local areas for consumption, use or sale. The tax is to be paid by the trader to the civic bodies, the rules and regulations of which vary from state to state within India. It supersedes the octroi and cess system of

## 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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## 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:

[Bahrain](#)

[United Kingdom](#)



## 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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taxing.

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## Odisha

### Odisha Entrepreneurship Development Policy in the making

With a target of producing 10,000 entrepreneurs at the grassroots level during the current year, the Department of Micro, Small and Medium Enterprises is now keen to put in place an Odisha Entrepreneurship Development Policy to encourage innovation and entrepreneurship in the state. To this end, it has formed a high-level committee comprising of State MSME Secretary Panchanan Dash (Chair) with Additional Development Commissioner of the Union MSME Ministry and Director General of National Institute for Entrepreneurship and Small Business Development (NIESBUD) to draft a comprehensive policy.

[Read Details](#)

## Rajasthan

### Spl package in Rajasthan for the textile industry

In order to boost the state's textile sector, the Rajasthan government will adopt a new policy to bring Rs 10,000 cr investment and create 50,000 jobs in the sector. The state cabinet has decided to provide a special customised package for the development of the textile industry. The move aims at skill development, manufacture and export promotion and ensures a competitive advantage. With the rollout of the special package, an investment of Rs 10,000 crore over the next seven years is expected in the state along with employment opportunities for about 50,000 people.



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## World Watch

## China



### China SME development index drops in Q2, survey

The development index of Chinese small and medium-sized enterprises (SMEs) dropped 2.1 points from the first quarter to 93.1 points in the second quarter of this year, according to data released by the China Association of Small and Medium Enterprises (CASME) recently. Although the index suspended the recovery registered since the fourth quarter of 2012, it was still 2.3 points higher than that in the fourth quarter of 2012, said the CASME.

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## European Union



### Indian steel to be subjected to EU anti-dumping duties

An apex body of European steel makers, Eurofer is planning to initiate anti-

dumping and subsidy countervailing cases against the import of stainless steel products from India, according to media reports. India is a major exporter of stainless steel long products and galvanised sheets to Europe. Naturally, the industry is upset and has asked the government to protest against the anti-dumping duties on their exports to the European Union. The move comes at a time when the India-European Union free trade agreement in the process of completion had narrowed down to duty on wine and opening of the insurance sector.

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**Pakistan**



### **India plans to reduce import duty on Pakistan textiles to 5%**

In an effort to increase cross border trade with Pakistan, India is planning to reduce the tariff on import of textiles from Pakistan to 5 per cent. Currently, India imposes 30-45 per cent duty on textile products from Pakistan. Now, the government is planning to bring it down to five per cent and has even not ruled out the option of allowing duty-free access too, according to a Business Standard report. This would be done by reducing the sensitive list of items India maintains for Pakistan, under which certain items are not allowed from there. This list is maintained under the South Asian Free Trade Agreement (Safta).

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**Sri Lanka**



### **Science and innovation bolster economic growth**

Science, technology, innovation (STI) and culture play a key role towards the achievement of global development goals. These elements hold a gamut of potential as main drivers in overcoming challenges of this century such as extreme poverty, inequality and environmental degradation. The



realisation of the Millennium Development Goals (MDGs) by 2015, in less than a thousand days, poses a great challenge.

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**UAE**



### **NBF sets sights on SMEs**

National Bank of Fujairah, or NBF, is upbeat on its commercial banking business and is confident in sustaining a strong double-digit growth during the next three years, a top official said. The lender plans to target small and medium sized enterprises (SMEs), to secure more business and is ready to support companies and individuals through its tailor-made facilities. "NBF expects its commercial banking business will grow by 20 per cent to 25 per cent, year-on-year, over the next three years," Rehan Ali, head of commercial banking at NBF, told Khaleej Times in an interview.

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## Reader Reactions

### Write and Win prize!

Write your comments on the FISME Factor. Share your views and suggestions on MSME issues. Win prize! The best mail will get a special book every fortnight. send mail to: [newsletter@fisme.org.in](mailto:newsletter@fisme.org.in)



## Opportunities

### Business opportunities for India in Canada

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

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## New Members

### 3 New Members Join FISME

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

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