

**President's Message**

"With 97% of MSME being proprietorship and partnership firms, extension of MAT on MSMEs will make capital formation and subsequent raising of funds even more difficult for them. The Finance Minister stopped at highlighting the importance of manufacturing and has taken only a few ad-hoc measures ... he needed to take a strategic view by having a investment friendly import duty structure, especially after prolonged and substantive discussions in the Planning Commission with stake holders on how to boost manufacturing."

- Mr V.K. Agarwal

**Editorial**

Dear Readers,
The Union Budget 2012-13 has proved to be a mixed bag for Micro, Small and Medium Enterprises. Read what our experts have to say. More detailed analysis will follow in our next issue. Your newsletter is now reaching 25,000 people – mostly MSMEs. Advertising in our newsletter may, therefore, prove to be very cost effective. If you are interested get in touch with us. In this issue there are two new writers writing exclusively for us. Gradually we will have more such authors writing only for you with a strict focus on MSMEs. For the moment, happy reading!

Editor

**Upcoming Events****Visit of business delegation from Argentina**

Hotel Taj Palace, New Delhi
March 22, 2012

**Union Budget 2012-13****Extension of MAT to proprietorships a big blow: FISME**

The Union Budget 2012-13 is a mixed bag for Micro, Small and Medium Enterprise sector. While raising the turnover limit for compulsory audit from Rs. 60 lakh to Rs 1 crore has been widely welcomed, the extension of Minimum Alternative Tax (MAT) on proprietorship and partnerships firms is being termed as troublesome.

[Read Details](#)**Experts Explain****No major change in exemption cap for MSMEs**

Vijai Kumar, Consultant & Advocate, ex-Addl. Commissioner of IRS



There is no major change in the exemption limit available for small scale sector. The standard rate of Central Excise duty for non-petroleum products has been enhanced from 10% to 12% ad valorem. The merit rate of excise duty for non-petroleum goods that hitherto attracted 5% has been increased to 6%.

[Read Details](#)**SIDBI fund welcome but big picture unclear**

Dr Partha Mukhopadhyay, Sr. Fellow, Centre for Policy Research



The budget appears sweet on the small stuff for MSMEs, but it is unclear whether the big picture is also upbeat. At first glance, the Rs. 5,000 crore India Opportunities Venture Fund by SIDBI and the 20% purchase earmarking by Ministries and CPSEs from MSMEs (with 4% for those owned by SC/ST entrepreneurs) appear to be positive steps. A deeper examination, however, dulls some of this gloss

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CORPORATE INSURANCE
EMPLOYEE BENEFITS. PROPERTY. LIABILITY.

**ACTIVITIES****FISME organises workshop on Cloud Computing**

More than 200 entrepreneurs thronged Hotel Crown Plaza, Gurgaon on March 2, 2012 and enthusiastically participated in the first workshop in the SME Connect series of workshops on Cloud Computing organised by the Federation of Indian Micro and Small &

Medium Enterprises (FISME), the voice of Indian micro, small and medium

Contact:
Mukesh Kalra
 +91-11-26187948, 46023157
mukesh.kalra@fisme.org.in
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INNOVATION-LAB

'Helping new age MSMEs compete with innovative ideas'

Hotel Vivanta, Hyderabad
 March 26, 2012

Contact:
Mukesh Kalra
 +91-11-26187948, 46023157
mukesh.kalra@fisme.org.in
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Knowledge Store

Policy Polemics

Growing with global production sharing in Malaysia

The International Trade Center, a WTO and UN organisation, has published a study on global production sharing – the division of production processes into geographically separated stages – which has been an increasingly important facet of economic globalization over the past few decades. This study seeks to broaden understanding of global production sharing and explore policy options for developing countries to engage effectively in production networks as part of a national development policy. Here is the first part of the study.

[Read the document](#)

Trade Trends

Big scope for carpet exports to China



In this new series of articles written exclusively for the readers of The FISME Factor, M. Absar Alam, Research Fellow at Asian Institute of Transport Development, New Delhi says there is a huge potential for growth in India's exports of carpets to China. Mr Alam has agreed to write on not only Indo-China trade relations but also on the lessons we can learn from China's success in the manufacturing arena. Watch out for his column in every issue of

enterprises (MSMEs), in partnership with global software giant Microsoft Corporation. The objective of the workshop was to generate awareness among MSMEs regarding the benefits of Cloud Computing and providing them with a platform for direct interaction with experts on the subject. This workshop was the first in a series of such workshops to be organised across the country by FISME in partnership with Microsoft.

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Voice Your Views

Rate the Budget

How do you rate the Union Budget 2012-13 *

Very Good Good Average Bad Very Bad

[You can also view online](#)



MEDIA MONITOR

Macro Metre

Passengers fares hiked for first time in 10 years

Railway Minister Dinesh Trivedi raised passenger fares for the first time in nearly a decade, and took the first step towards setting up an independent tariff regulator for freight and fares in a bid to firm up the frail finances of the network that employs 1.4 million people.

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RBI leaves key rates unchanged in mid-quarter review

In its mid-quarter review of the monetary policy on Thursday, RBI left key rates unchanged (the repo rate remains at 8.50 per cent — the third straight meeting at which the rate has been held steady) and took a hawkish line on inflation, moderating hopes that it would cut rates in April. The central bank said risks to inflation had increased due to a recent spurt in crude oil prices, a wide fiscal deficit and a weakening rupee.

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Survey pegs growth at 6.9% for 201-12

The pre-Budget Economic Survey, tabled in Parliament here on Thursday amidst a scenario of economic and political gloom, has projected a sharp improvement in the growth rate of gross domestic product from 6.9 per cent in the current year to 7.6 per cent in 2012-13 and to 8.6 per cent in the following year.

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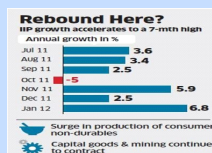
IIP growth surprises at 6.8 per cent in January

Industrial output staged a smart and surprise rebound in January, raising concerns whether it was just another flash in the pan while easing pressure on the central bank to cut interest rates at its policy meeting later this week. The Central Statistical Office said output at factories, utilities and mines jumped to 6.8% from a year ago, the fastest expansion in seven months. Industrial growth, as measured by the Index of Industrial Production, stood at a revised 2.5% in December.

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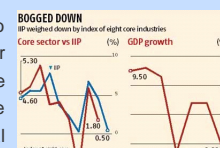
GDP growth to be over 7%: Pronab Sen

Dismal third-quarter figures have led many to believe it would be tough to achieve even 6.9 per cent gross domestic product (GDP) growth for the current financial year as calculated in advance estimates, but a key Planning Commission official

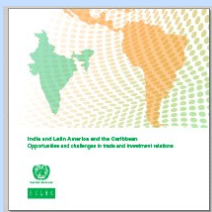


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ECLAC booklet on India and Latin America



The Economic Commission for the Latin America and the Caribbean (ECLAC) has published a booklet "India and Latin America and the Caribbean – Opportunities and Challenges in trade and investments".

[Read the booklet](#)

HR Heuristics

Handling Success without Losing your Head



"In this issue's article, acclaimed management author Rashmi Datt argues that we should be more conscious of the way we and others express difficult experiences. We should avoid creating our own zones of intolerance by using milder words while describing our difficult experiences and thereby give out the message "I can manage" rather than the other way out."

[Read the full article](#)

Finance Fundamentals

Benefits of insurance



Small

and medium manufacturing enterprises can benefit immensely from insuring themselves against different kinds of risk, argues Abhishek Bondia, Business Head – Corporate, SecureNow Insurance Broker in this exclusive article for The FISME Factor.

[Read the full article](#)

Domestic Digest

Defence expo sets tone for investors' meet

The second edition MSME Defexpo 2012 concluded recently with a number of defence and aerospace industries showcasing their products at the exhibition which was part of the three-day defence expo. The organisers said that the positive response from the defence and aerospace industries indicates that the MSMEs would have opportunities to expand their investment opportunities during the second Global Investors Meet to be held in Bangalore on June 7 and June 8.

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BSE's SME exchange goes live with BCB Finance listing



The Bombay Stock Exchange's (BSE) platform for small and medium enterprises (SMEs) became operational on March, 13 with the listing of BCB Finance. Shares of BCB Finance opened at Rs 27 on the BSE SME Exchange, eight per cent higher than its issue price. The stock finally closed at Rs 25.70. Total traded quantity on the counter was 276,000 shares. The Mumbai-based non-banking finance company, which raised Rs 8.85 crore through the public issue of 3.54 million equity shares, is the first company to list on the SME Exchange.

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New industrial estates to boost SME growth in Uttarakhand

Small and medium enterprises (SMEs) in Uttarakhand are expected to get a big push following the recent transfer of ownership of 18 industrial estates spanning 2,000 acres of industrial land to it by the Uttar Pradesh government. Experts said the move has vast potential to boost the growth of micro and small units in the hill state. "The major task before the new government should be to develop these industrial estates with all facilities," said Pankaj Gupta, president of the Industries Association of Uttarakhand (IAU).

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Cloud to create 7 million jobs in SMEs: Microsoft

A Microsoft commissioned study, conducted by IDC, predicts that cloud computing will generate over 2 million jobs in India by 2015. The findings predict that cloud will generate nearly 14 million new jobs worldwide in the same time. More than 50 per cent of these jobs will be generated in the small and medium enterprise (SME) sector. Further, more than two million jobs each will be generated in the 'communications and media' and manufacturing sectors, followed by banking at over 1.4 million.

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Haryana budget fails to boost SMEs

For the small industry - the biggest generator of growth and employment in Haryana - this year's state budget, announced in Chandigarh recently, came as a big disappointment. The industry didn't get anything more than a passing mention in the budget, this time round. In his speech, the finance minister, Ajay Singh Yadav, did call the Micro, Small and Medium Enterprises (MSMEs) the "backbone of the manufacturing sector", but in terms of real benefits and incentives, there was nothing in store for the small industry in the budget 2012-13.

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8th Entrepreneurs' Week centres on MSME

The Micro, Small and Medium Enterprises sector is the flavour of the season for the 8th Entrepreneurs' Week 2012 the celebrations for which were kicked off recently. All speakers at the inaugural session focussed on the issues hobbling the growth of this sector in the State, solutions to the problems and achievements notched up so far. Chief guest Chief Minister Naveen Patnaik described the MSME sector as the biggest driver of growth and the steps being taken by his Government to tackle the problems being faced by the

Why the SME exchange needs a big hand

On March 13, the BSE SME Exchange got off to a flying start with the listing of BCB Finance, the first small and medium enterprise (SME) Initial Public Offer (IPO) on the exchange that closed on February 27, 2012. In this article, the author tries to list the factors that need to be monitored to ensure that the exchange becomes successful in helping SMEs raise much needed capital from the market.

[Read the full article](#)

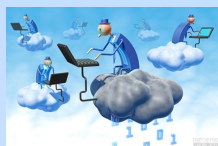
Optimizing SMEs' treasury income

The unenviable task of maintaining liquidity, minimizing the finance risk and cost of resources, and maximizing the return on cash surpluses falls squarely on the shoulder of the treasury department. Nowhere is this function more important than in the small and medium enterprise (SME) sector where low advantages of scale mean that each rupee has to be stretched to its maximum possible capacity, write Jayant Jain, executive director, and Niranjan Govindekar, associate director at PwC India.

[Read the full article](#)

Marketing Mantras

Cloud Computing Market Shows Promising Prospects in India

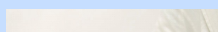


The market for cloud computing is expanding rapidly in India. Industry experts say that while the global cloud computing market is growing in excess of 30 percent, the growth is faster in India. Cloud computing refers to the delivery of computing services or virtualized information services to the client with shared infrastructure over the network. The hosting company owns and manages the physical infrastructure; the software and data reside on their servers. Typically, cloud suppliers host business applications with access via the Internet through a web browser.

[Read the full article](#)

Technology Tracker

Embracing mobile working



entrepreneurs. He mentioned the creation of a separate MSME Department, strengthening of District Industries Centres and the MSME Policy of the State, as some of the steps of the State Government in this direction.

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Centre should support revival of MSMEs: CM

Chief Minister Naveen Patnaik has urged the central government to help the states in reshaping defunct Micro, Small and Medium Enterprises (MSMEs) by providing financial assistance and framing conducive policies. "Sickness is very common in MSMEs. The state government may be supported by the Central government to set up Rehabilitation Funds and operationalize appropriate schemes for the rehabilitation of units temporarily rendered sick due to circumstances beyond their control," Patnaik said at the inaugural ceremony of 'Entrepreneurship Week', the flagship programme of the Orissa government, recently.

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SIDBI website to support SMEs

In a bid to reach out to the small investors, the Small Industries Development Bank of India (SIDBI) is planning to launch an online platform that would help SME players to start-up their businesses. A new interactive website called 'startupskit', which will help investors set up a SME, is currently under development. The site will try and address FAQs such as the requisite legal structure of the proposed company, funding options, how to approach banks with a proposal, how to present a business plan to avail funding, along with general guidance and mentoring for SME start-ups and entrepreneurs.

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Emerging Kerala 2012 to be held in September

A biennial global investment meet being organized by the Government of Kerala, will be held from September, 12 to 14, 2012 at Kochi. The event will have plenary sessions on issues of economic and developmental importance. The event will also focus on the core sectors of Kerala like IT & IT enabled services, tourism & medical tourism including Ayurveda, healthcare services, food & agro processing and value addition, MSME in manufacturing and trade, ports, ship building & related industries, knowledge/education sector, energy including green energy, biotechnology, nanotechnology, water technologies & inland waterway and infrastructure development.

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StanChart in alliance with Google to serve SMEs

The country's largest foreign lender Standard Chartered Bank today tied-up with Google to empower the small and medium enterprises (SME) segment. In keeping with the bank's strategy of constantly striving to meet the evolving needs of its clients, StanChart will actively collaborate with Google to reach out to SMEs to educate them on the benefits of getting online, the bank said in a statement.

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Punjab MSMEs want incentives



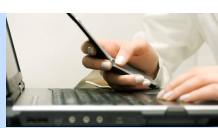
Ahead of the next Union Budget, the micro, small and medium enterprises (MSMEs) in Punjab are looking forward to incentives and proactive steps from the central government, noting that such steps will boost the sector as a driving force of the country's economy. A wish list the state's

MSMEs primarily seeks a doubling of the central excise exemption limit for the enterprises - from the present Rs 1.5 crore (Rs 15 million) to Rs 3 crore (Rs 30 million). This, they say, will help the sector sustain its business.

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12th Plan to boost MSME growth

The working group on the growth of micro, small and medium enterprises (MSMEs) in the 12th Five-Year Plan (2012-2017) has said that if the sector has to grow, the focus should be on finance, including credit; infrastructure; technology; marketing and procurement; skill development and training; and strengthening institutional structures. The working group was constituted by Prime Minister Manmohan Singh and has recommended allocations to the tune of Rs 64,790 crore.



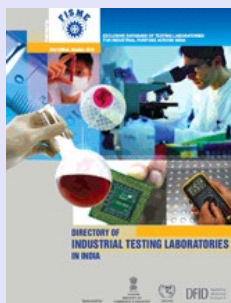
Over the past two decades mobile computing has arguably been the major success story of the information technology world. In the 20 years in which our desktop technology has remained fundamentally the same – if a great deal more sophisticated – mobile technology has walked a comparatively revolutionary road.

[Read the full article](#)



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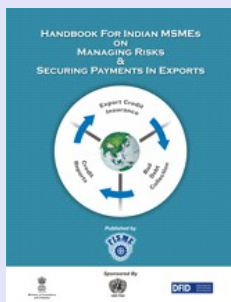
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Srikkanth now bats for boosting entrepreneurship

It was a different stroke by former Indian Cricket Captain Krishnamachari Srikkanth as he dabbled his expertise in entrepreneurship by providing value added soft skills to enhance the employability of youth. Partnering with the Micro Small and Medium Enterprises (MSME) Development Institute in the State, Srikkanth the ace cricketer opined that cricket being the most sought after game in the country, would in fact, become the medium to inculcate the skills.

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Government withdraws ban on cotton exports

The government has bowed to the wishes of Maharashtra strongman Sharad Pawar rolling back the ban on cotton exports, which was announced last week. Commerce minister Anand Sharma recently said, "Keeping in view the facts, interests of farmers, interest of the industry and trade, a balanced view has been considered by the Group of Ministers (GoM) to roll back the ban. The formal order to lift the ban will be issued recently.



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World Watch

Focus on Argentina

New Argentine import rules spook business

Argentina could end up making ovens without heat-proof glass and candy bars without cocoa if [new import hurdles](#) cause shortages, as many companies fear. President Cristina Fernandez's centre-left government will launch a new system to pre-approve, or reject, nearly every purchase from abroad. It says it wants to modernize and streamline the importation process by getting online petitions in advance. But critics, including key trade partners in neighbouring Brazil and Uruguay, believe Argentina is aiming to shore up its trade surplus and keep dollars in the country as waning global demand, lower grains prices and drought threaten to hurt growth.

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Focus on Malaysia

Minimum wage could kill SMEs

Eighty per cent of small and medium-scale enterprises (SME) could be forced to shut down if the Government's proposed minimum wage policy of between RM800 to RM1, 000 is implemented across the board. The SMI Association of Malaysia said SMEs were mostly labour-intensive and based on the nature of their operations, they would not be in the position to absorb the cost spike.

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Focus on Ireland

Banks refuse 50pc of loan requests from SMEs



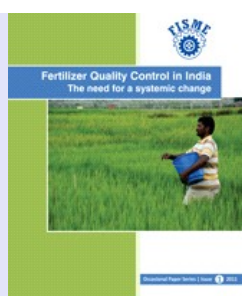
Half of all loan applications by small and medium enterprises (SMEs) have been refused in the last three months, a new survey claims. In its latest Quarterly Bank Watch Survey, business lobby group ISME said 50pc of companies that applied for funding in the last three months were refused

credit by their banks. Of those firms that applied for credit, 91pc said the banks were making it more difficult for them to access finance.

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Focus on UK

UK to boost govt procurement from SMEs



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:

[Muscat](#)

[Canada](#)

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The UK government recently announced initiatives that it claimed would double the amount of government business going to the small and medium enterprise (SME) sector by the end of the financial year. A Cabinet Office-progress report said that business going to SMEs across central government is on track to double from 6.7 percent to 13.7 percent by 5 April.



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Focus on Cuba

Chamber of Commerce plays vital role in economy

The role that corresponds to the Chamber of Commerce in the transformations that are taking the Cuban economy was highlighted by Minister of Foreign Trade and Foreign Investment, Rodrigo Malmierca, adding that his relation to economic entities and associates are important factors. In the presence of Ricardo Cabrisas, vice president of the Council of Ministers, Malmierca summed up this recently at the Palace of Conventions in Havana Associate General Assembly of that institution, which passed the balance of work done in 2011 and projections for the current years.

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Reader Reactions

Pre-budget suggestions

Some readers have communicated their suggestions regarding the forthcoming Union Budget scheduled to be tabled in Parliament on March 15. We provide you a compilation.

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Opportunities

Brazilian calendar of Exhibitions 2012

Take a look at a complete Brazilian calendar of Exhibitions 2012.

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2 Canadian companies looking for partners

Two Canadian companies are looking for business opportunities with Indian partners.

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New Members

6 new members join FISME

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

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Federation of Indian Micro and Small & Medium Enterprises (FISME)

B - 4 / 161, Safdarjung Enclave, New Delhi - 110029

Telephone: +91 11 26187948, +91 11 26712064, +91 11 46023157 Fax: +91 - 11 - 26109470

Email: newsletter@fisme.org.in, Mobile: +91 9312274911, Website: www.fisme.org.in



Bangalore Office

57/5, Family YMCA Building,
Millers Road, Benson Town,
Bangalore - 560046

Email: bangalore@fisme.org.in

Mobile: +91-80-23543589

Website: www.fisme.org.in

Hyderabad Office

H. No. 6-3-569 / 1/2/4

2nd floor, Rockdale Compound, Somajiguda

Hyderabad - 500082

Tel: +91- 40- 23312116 Fax: +91 -40- 23322117

Email: hyderabad@fisme.org.in

Website: www.fisme.org.in

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