



Federation of Indian Micro and Small & Medium Enterprises

The FISME Factor

Bi-weekly bulletin of India's largest MSME organisation

Vol III, Issue 34: May 15, 2013

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President's Message



Unleashing renewable energy

"There is an urgent need to put in place suitable mechanism to realize the potential of renewable energy in India. Higher thresholds for connecting to grid and delayed payments restrained millions of potential MSMEs to tap renewable energy sources both from solar and wind. Through a recent policy development the Chinese State Grid has brought down the threshold to as low as 5 KW encouraging households to generate power. "

-Shri D. Gandhikumar, President FISME

National Database of Consultants for SMEs

Movie - Indian IPR Exchange



What's Hot?

Activities

- [FISME members invited to Guatemala Investment Summit 2013](#)
- [Incentives for Wind energy crucial for SMEs: FISME](#)

Business Banter: Lessons from Entrepreneurs

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World Watch

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Knowledge Store

- [Rasna, a three-decade-old brand is innovating constantly to stay fresh](#)

...And A Lot More



ACTIVITIES

FISME members invited to Guatemala Investment Summit 2013



Mr Danilo Rodriguez Marcucci, Charge d Affaires, Embassy of the Republic of Guatemala visited FISME Secretariat to invite FISME members to explore business opportunities through [Guatemala Investment Summit](#), being organized during May 30-31, 2013.

Guatemala is the largest market in Central America in terms of population (13 Million) and GDP (around US\$ 50 Billion in 2012).

[Read More](#)



Incentives for Wind energy crucial for SMEs: FISME



For MSME sector which is



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Other Events

Asian Metallurgy Summit 2013

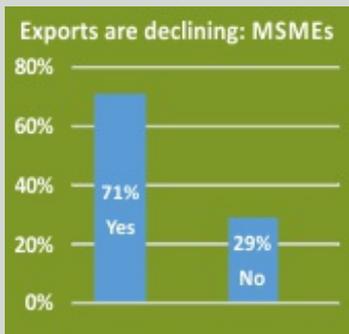
Date: May 23-24, 2013
Venue: Mumbai

[See Details](#)



Your Views

We are experiencing fall in export orders: MSMEs



According to *The FISME Factor* survey, MSMEs are experiencing fall in export orders since last quarter. In a survey conducted by FISME recently, 71 per cent of the entrepreneurs said they are witnessing decline in merchandise export since last quarter.



Knowledge Store

HR Heuristics

Every industry offers opportunities

See what you can do to become a 'keeper'. You will not only increase your 'job security' but will actually find more fulfilment as well.

[Read the full article](#)



Power Association has demanded immediate restoration of Accelerated Depreciation (AD) which has been withdrawn recently.

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Voice Your Views

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Asian Development Bank survey on "Funding Environment for SMEs"

Asian Development Bank (ADB) in association with FISME, is conducting a survey on "Funding Environment for SMEs" in India to measure the **financing constraints and the potency of developing capital markets for SMEs**. Kindly spare a few minutes and help improve the financing environment for MSMEs in India by sharing your views. [Online Survey Form](#).



Experts View

FISME's take on RBI Monetary Policy Review

The following is an exclusive analysis for FISME members of the RBI's monetary policy review announced on May 3, 2013 by Mr Rajesh Dubey, Advisor (Finance), FISME. The RBI cut the repo rate to 7.25 per cent, its lowest since May 2011, and kept the cash reserve ratio (CRR) for banks unchanged at 4 percent, in line with expectations.



[Read Details](#)



Business Banter: Lessons from Entrepreneurs

'The Best Advice I Got'

Finance Fundamentals

Looking to up loans to SME: Bank of Baroda's Mundra



Investor concern over the quality of its assets has resulted in Bank of Baroda shares underperforming the Bank Nifty by a wide margin over the last year.

[Read the full article](#)

Marketing Mantras

Rasna, a three-decade-old brand is innovating constantly to stay fresh



Read the story behind the origin of the brand that practically defined for children a summer quencher in the '80s and '90s.

[Read the full article](#)

Policy Polemic

Is May Day still relevant?



In today's world when we have moved towards automation and hi-tech industries, the significance of labour unions have lost their meaning due to change in the mindset of worker communities.

[Read the full article](#)

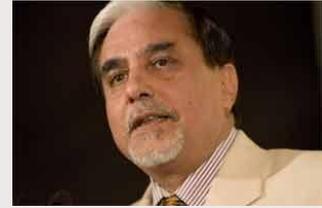
SME Special

Bringing back the sparkle

Pay your dues before your creditors ask for it

-Subhash Chandra, Chairman Essel Group

Do not allow your creditors to come to your shops to recover their money-the best advice I got ever, said Subhash Chandra, Chairman Essel Group. "Once I was blocked by the seller (commission agent) from buying, because they feared that I would not be able to pay their bills



within the stipulated five-day credit period," said Chandra. His maternal uncle advised him that he should always make a phone call or visit the creditor personally to tell him the reasons, rather than the creditor coming to him to receive payment and finding out about the delay. His uncle advised him that whenever he realises money from the sale of finished goods, he should first go to the market and deliver it at the creditor's shop to settle his dues. "This worked wonders. I gained credibility in no time, and my business flourished," said Chandra.

[Adapted from the Best Advice I Ever Got, Business Today]



MEDIA MONITOR

Macro Metre

Stagnating exports, tough year ahead for MSME exporters

After a decent recovery of about seven per cent in March, India's exports could grow by just about 1.6 per cent in April clearly indicating a tough year is ahead for those in the business of merchandise global trade. For April, the first month of the financial year 2013-14, exports aggregated USD 24.16 billion growing by just 1.6 per cent as compared to the same month last year. However, as there was a gold buying spree, the country's total imports went up by 10.95 per cent leaving a huge trade gap of USD 14 billion, up 27.1 per cent for the month.

[Read Details](#)



March IIP grows at 2.5% versus 0.6% in February

Showing signs of recovery, the industrial growth has bounced back to 2.5 per cent in March on better performance of manufacturing and power sectors coupled with higher output of capital goods. Industrial production had seen a contraction of 2.8 per cent in March last year. However, the factory output measured in term of index of industrial production (IIP) grew by just one per cent in 2012-13 compared to a growth of 2.9 per cent in previous fiscal, according to official data released here recently.



[Read Details](#)





India's organised retail evolution has meant a twin-pronged opportunity for small suppliers.

[Read the full article](#)

Technical textiles face technology gap

From Gunja

Technical textiles widely used as raw material in a host of industries such as geotextiles, agrotexiles etc, have outdated technology and the major deterrent for their expansion has been low demand, said an expert group report.

[Read the full article](#)

Stockpile

The estimates of Index of Industrial Production (IIP) with base 2004-05 for the month of March 2013 have been released recently.

[Read the full Text](#)

The Reserve Bank of India recently cut its policy interest rate by 25 basis points to 7.25 percent for the third time since January, and said there was little room to ease monetary policy further.

[Read the full Text](#)

Prices of cereals, pulses, eggs, fish, meat, sugar and footwear continued to increase by over 10 per cent during April 2013 despite the consumer price index (CPI) inching a bit lower to 9.36 per cent.

[Read the full Text](#)

Quotable Quotes

Domestic Digest

RBI raises loan limits for small units to rupees five crore

The Reserve Bank of India recently announced a liberal banking regime for the micro and small enterprises (MSEs) by increasing loan limit of an individual borrower up to rupees five crore in the services sector. Announcing these changes within the broad contours of the priority sector, RBI Governor D Subbarao said it is proposed to increase the loan limit for MSEs in the services sector, as defined in the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, from Rs two crore to Rs five crore per borrower.



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Move to organise MSMEs into specialised units

The government is planning to organise small units into specialised groups so that it is easier for them to take full benefits of various government schemes according to MSME secretary Madhav Lal. "The government is initiating action for organising Micro, Small and Medium Enterprises (MSMEs) based on their specialisation and domain knowledge to enable them to adopt and absorb the various developmental schemes rolled out by the government. A framework was being put in place where the responsibility, legal rights and obligations of each sector specific industry associations would be spelt out," he said here recently.

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2.5 % import duty on select metals

The Central Government has imposed 2.5 per cent import duty on various types of scraps — melting steel, stainless steel and aluminium scraps, and has withdrawn exemption of special additional customs duty on brass scrap. The measures were taken through two different notifications issued recently by the Finance Ministry. It did not give reasons for making changes except saying that it is in public interest. The scrap is used by medium and small scale industries.

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Govt set to clear air on retail FDI

The department of industry policy and promotion (DIPP) is set to issue a set of clarifications on foreign investment in multibrand retail to address their concerns and provide clarity on norms ranging from investment in back-end infrastructure to sourcing from SMEs and farmers. This is the latest in a series of moves by the government to get global chains to open stores in the country after FDI was allowed in the controversial sector last year.

CLEARING THE AIR

- ▶ The government is not going to allow foreign players by merely buying the infrastructure of existing retailers
- ▶ Clarification that 50% of the initial investment — \$50 million — has to go towards creation of back-end infrastructure will bring relief for retailers
- ▶ While gov't will leave it for companies to decide on local sourcing, it will prefer two sets of procurement operations



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" We are hierarchical society. We respect those who are successful, rich and powerful. We do not understand the honesty behind a failed enterprise and punish it severely. "

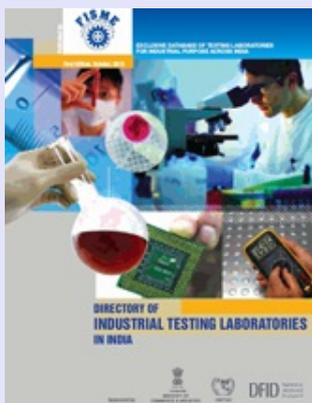
-N R Narayana Murthy, founder Infosys

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at Subsidised Cost for MSMEs
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Govt offers incentives to promote khadi

Investors seem to be reaping rich returns from the stocks that got listed on the leading bourse BSE's SME platform, as 18 out of a total of 22 such stocks are trading above their public issue prices. BSE launched its SME platform for small and medium enterprises in March last year and since then 22 companies have got listed in this segment, while six more are in the pipeline. The SME platform of BSE's larger rival NSE also became operational in September 2012, but only three companies have got listed on it. The shares of two of these three companies are trading almost near their respective issue prices, while the third is trading with a considerable discount.

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RBI asks banks in J & K to increase CDR to 40 pc by FY14-end

Reserve Bank of India (RBI) has asked banks in Jammu and Kashmir to increase the credit-deposit ratio to 40 per cent from present 36 per cent by the end of current financial year. RBI Governor D Subbarao, who chaired the special meeting of J&K State Level Bankers' Committee (J&K SLBC) in Srinagar recently, also fixed target for launch of Electronic Benefit Transfer (EBT) for the banks and stressed on achieving Kissan Credit Cards target for farmers.



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Move to promote sector specific skill development

The government has given its nod to set up an autonomous National Skill Development Agency (NSDA) to synchronise the skill development efforts of the government and the private sector for producing sector specific skilled professionals. "The NSDA will coordinate and harmonise the skill development efforts of the government and the private sector to achieve the skilling targets of the 12th Plan and beyond; anchor and operationalise the National Skills Qualifications Framework (NSQF) and be the nodal agency for sector skills councils and endeavour to bridge the social, regional, gender and economic divides in skilling," said an official statement recently.

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State Scan

Andhra Pradesh

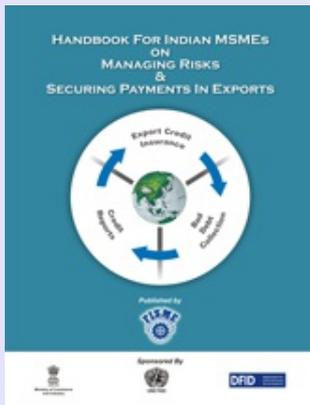
No power cuts for small industries in AP from mid-May

From Manne Srinivas Rao
Giving a sigh of relief to cottage and small scale industries, Andhra Pradesh Chief Minister N Kiran Kumar Reddy on recently ordered lifting of curbs on power consumption by small and cottage



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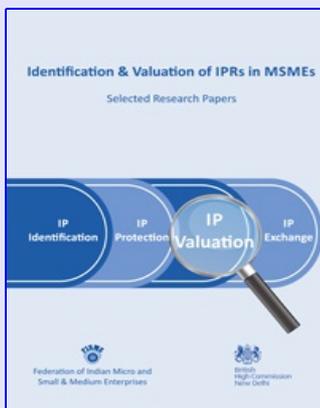
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Free Publications

Identification & Valuation of IPRs in MSMEs



Identification & Valuation of IPRs in MSMEs - Selected Research Papers.

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Fertilizer quality control in India: Need for change

industries from May-15. The chief minister issued the directive soon after

he reviewed the power situation at a high-level meeting at the Secretariat, following which power utilities announced the decision to provide relief to this category of industries which provide employment to lakhs of people. At present, the duration of the power cuts has already been reduced from eight hours to six hours in the mandal headquarters following a slight improvement in the availability of power.

[Read Details](#)

Assam

Power hike haunts small units in north east

The North Eastern Small Scale Industries' Association (NESSIA), has expressed concern over the proposal of the Assam Power Distribution Company Limited (APDCL) to hike power tariffs for all categories of consumers by 50 per cent on fixed charge and 50 per cent on energy charges to meet additional revenue requirements for financial years 2013-16. NESSIA will bring up the issue with the Assam Electricity Regulatory Commission (AERC) in a meeting recently, NESSIA informed KNN.

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Bihar

Bihar scouts for country-wide innovations

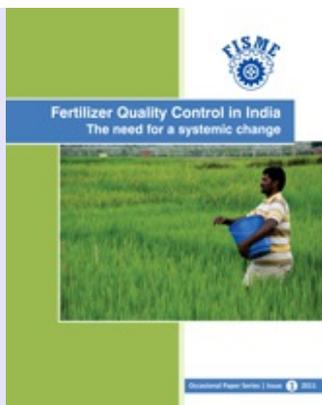
In an effort to seek modern inventions and innovative rural solutions from across the country for the second Bihar Innovation Forum (BIF II), Jeevika, also called Bihar Rural Livelihoods Project organised a road show in Kochi on May-8. The event provided a platform for the organisers to interact with high impact social innovators from the city and surrounding regions, according to a media report. Bihar Rural Livelihoods Promotion Society (BRLPS) that implements the Jeevika project, through the road show, has called for entries to showcase innovations under eight livelihood themes – agriculture, livestock, financial services, rural energy, ICT-based solutions, skill development and non-farm sector, access to entitlements and access to services.

[Read Details](#)

Kerala

SMEs mushroom in Ernakulam district

As many as 2,000 small and medium enterprises (SME), including over 100 information technology (IT) start-ups, have come up in the district during the financial year 2012-13. The sector, which witnessed investment of over Rs 464 crore, created around 18,000 employment opportunities, said district industries officials. "Of late, many aspiring entrepreneurs have been showing interest in food processing segment. They see huge potential in the internal market despite presence of many established firms," said general manager of district industries centre A S Pradeep, adding that other SMEs are eyeing similar opportunities.



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

[Ask for your copy now](#)



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](#)

Officials believe this momentum could be sustained thanks to the increased interest shown by entrepreneurs in food processing, wood products and IT. Despite a ban, the wood products segment added 149 units in 2012-13 to the existing lot of 225 units.

[Read Details](#)

Madhya Pradesh

Fourth Spice Park in India inaugurated in Guna

From M Jacob Abraham

Fourth Spice Park was recently inaugurated in Guna in Madhya Pradesh by Union Minister of State for Power Jyotiraditya Scindia. Spice Board of India has taken steps to establish Spices Parks at seven locations in the country to



provide scientific infrastructure facilities in order to empower the growers of spices and ensure better price realisation. Three of such parks are already functioning in Chhindwara (MP), Puttady (Kerela) and Kota (Rajasthan).

[Read Details](#)

Orissa

Food park in Ganjam district raises hopes of high returns

The promotional interventions by Huma Coastal Mega Food Park Pvt Ltd through introduction of new varieties of potato and tomato have yielded high returns for farmers. The company, which got approval from the Union Ministry of Food Processing Industries (MoFPI) to set up a food park in Ganjam district in October last year, has received highest valuation mark at the national level.

[Read Details](#)

Tamil Nadu

Coimbatore units welcome special package for MSMEs

Tamil Nadu Chief Minister's announcement about allocation of 20 per cent land in State Industries Promotion Corporation of Tamil Nadu (SIPCOT) for MSMEs and the proposed mega industrial project for the southern cities, has been hailed by Coimbatore units as supportive to new investments and industries. "This is a timely relief measure for the MSMEs," said a media report quoting president of the Coimbatore District Small Industries' Association R Ramachandran, of the package that has been extended specifically to small units in backward areas as well as agro industries.



[Read Details](#)

TN targets inclusive industrialisation

The Tamil Nadu government has announced a set of incentives aimed at boosting industrialisation in the southern part to ensure uniform industrial development across the state. Accordingly, the state would soon acquire around

2,000 acres of land in a phased manner to set up nine new industrial parks. It is expecting greater flow of investments from the private sector to achieve inclusiveness in industrialisation. The state would offer 75 per cent subsidy for investments in the proposed industrial parks. However, maximum investment amount has been fixed at Rs 15 crore and it would give 50 per cent subsidy to companies that set up units in these parks.

[Read Details](#)



Uttar Pradesh

UP gets 320 new units for cluster development

The state of Uttar Pradesh has set up 320 new units for promotion of micro, small and medium enterprises (MSME) for various trades. "Eight infrastructure development centres have been set up, in which 320 new units have been established," said MSME Minister K H Muniyappa in the Rajya Sabha recently. The cluster development programme has facilitated growth and promotion of MSMEs in the state under various trades.

[Read Details](#)



World Watch

European Union



ECB open-minded on SME lending but wants others to help



The European Central Bank has an open mind on what it could do to spur lending to small- and mid-sized businesses, though other EU institutions might be better placed to help, a top ECB policymaker said recently. The ECB is concerned that banks, worried about taking on risk, are not lending to smaller

businesses in the euro zone periphery and that this is starving such companies of funds they need to invest and help their economies grow.

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United Arab Emirates



Former Goldman Sachs executive to lead GCC SME Lender

Brandon Short, a former Goldman Sachs investment banking executive for MENA, will join with two former senior executives from Deutsche Bank to form World Business Partners UAE ("WBP"), a small business finance company based in Dubai. The other co-founders of WBP are Doug Naidus, former Managing Director and Global Head of the Residential Lending Division of Deutsche Bank, and former Chairman and CEO of MortgageIT, and Alex Gemici, former Managing Director and Head of MENA Residential Finance for Deutsche Bank.

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United Kingdom



SME activity in U.K. disappoints, survey shows



U.K. small and medium-sized firms reported disappointing activity over the past three months but are optimistic that demand will pickup over the coming quarter, a survey showed recently. Indeed, that increased confidence may be well founded as a separate report shows consumer spending may perk up as shop price inflation was the slowest in three-and-a-half years. The Confederation of British Industry's quarterly small and medium sized business trends survey showed new orders declined in the three months to April with both domestic and export demand weak. Output was also weak, falling for a fourth consecutive quarter as the uncertain economic output weighs on activity and spending plans.

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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



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

6 New Members Join FISME

During the period from May 1, 2013 to May 15, 2013 a total of 6 new MSMEs became member of FISME.

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

Headquarter: 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

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

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

2nd floor, Rockdale Compound, Somajiguda
Hyderabad – 500082

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

Email: hyderabad@fisme.org.in

Website: www.fisme.org.in

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