



Federation of Indian Micro and Small & Medium Enterprises

The FISME Factor

Bi-weekly bulletin of India's largest MSME organisation

Vol II, Issue 17: September 1, 2012

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President's Message



" Even though our Constitution places governance of the country under the Rule of Law, in practice, the powers that be are able to overrule the Law of the land if not in letter then in spirit through their diktats. While some of the biggies and even 'smalls' at times are able to invoke out of turn favours for themselves, most others suffer the uneven playing field that gets created as a result. This feudalistic approach pushes the deserving and the meritorious back and in turn creates an ecosystem that dampens the spirit of innovation and enterprise. It is necessary for the like-minded to collect under the aegis of associations and vociferously press for the 'fundamental rights' of the citizen. "

- Shri V.K. Agarwal, President FISME



What's Hot?

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ACTIVITIES

FISME SG in Committee for Reforming Business Regulations



FISME Secretary General Anil Bharadwaj has been nominated a member of a high-level committee set up by the Ministry of Corporate Affairs for recommending reforms to improve the business regulatory environment in India. Former Securities and Exchange Board of India (SEBI) Chairman M. Damodaran has been named chairman of the committee. The committee will conduct an in-depth study of the regulatory framework and prepare a detailed roadmap for improving the conditions for doing business in the country within a period of six months. The committee has been given the mandate to examine regulations in all major areas such as finance, governance, policies and processes.

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Fourth India SME Forum event held in Chennai



The fourth forum in the series of events being organised to select SMEs for the India SME 100 Award and ranking under the India SME Forum & Award banner was organised in Chennai on August 23, 2012 at the Sheraton Park Hotel & Towers. The forums are



Upcoming Events



Bangalore
September 11, 2012

[Read More](#)

INNOVATION-LAB

Hotel Movenpick, Bangalore
September 27, 2012

[Read More](#)

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

being organised by Reliance Commercial Finance, a part of Reliance Capital, a Reliance Group company in partnership with FISME and several other organisations such as Sustainable Development Research & Consulting, Go Air, Mahindra & Mahindra, SMERA (SME Rating Agency of India Ltd.), Bloomberg UTV and Laqshya.

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FISME organises second Innovation Lab event in Pune

FISME, India's leading representative of MSMEs, organised a seminar on cloud computing at Hotel Hyatt Regency in Pune on August 22, 2012. This was the second such event under a unique series of programmes titled "Innovation Lab for MSMEs – Helping new age MSMEs compete with innovative ideas". The objective of the event was to familiarise MSMEs with the dynamics of innovation so that they in turn can make innovation a way of life. These events provide MSMEs an ideal platform for listening to and understanding what experts have to say and also interact with them face to face.



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Other Events

NCEDAR 2012
Date: Dec 4-6, 2012
Venue: Bangalore
[See Details](#)

AIFPA Show 2012
Date: Dec 13-15, 2012
Venue: New Delhi
[See Details](#)

PLASTO 2012
Date: Dec 20-23, 2012
Venue: Pune
[See Details](#)

ICAI partners FISME to offer internships to Kerala students



The Institute of Cost Accountants of India (ICAI) has signed MoUs with the Government of Kerala and the Federation of Indian Micro and Small & Medium Enterprises (FISME), India's leading representative of MSMEs, to offer a "Certificate in Accounting Technicians" aimed at providing ready

manpower to industry for handling entry level accounting functions. The MoUs were signed during an event titled 'Kerala Skills Conclave 2012' at the Mascot Hotel, Thiruvananthapuram on 22 August, 2012. The chief minister of Kerala Mr Oommen Chandy was the chief guest on the occasion while Mr S.P.K. Abdu Rabb, Minister for Education, Government of Kerala and other ministers of the state government also attended the programme.

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Your Views

Chidambaram as FM won't spur growth: Survey

With Chidambaram as finance minister, will growth pick up?

Response	Percentage
Yes	34%
No	66%

According to *The FISME Factor* survey, 66% of MSMEs feel that the induction of P. Chidambaram as the new finance minister will make little difference to the current growth scenario of a marked slowdown.

Editorial

Dear Readers,
The recommendation of the government-appointed panel headed by economist Parthasarathi Shome that the General Anti-Avoidance Rules (GAAR) should be implemented only from 2016-17 has brought cheers to foreign institutional investors and some industry leaders such as Deepak Parekh and K.V. Kamath but the general mood of pessimism continues to hang heavy over the economy.

Voice Your Views

Should reforms aimed at enabling unregistered MSMEs to become registered be the top priority of the Ministry of MSMEs?

Yes No

[You can also view online](#)

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Business Banter: Lessons from Entrepreneurs

Success is sweeter when it comes from serving a cause

Our survey shows that among MSMEs, only 34% believe that the induction of P. Chidambaram as the new finance minister will have any impact on boosting the growth scenario in the country. The underlying reason is, perhaps, that entrepreneurs know that at the ground level there are far too many fundamental factors that need to be addressed if investments, especially in manufacturing, have to pick up. The kind of crony capitalism that the CAG's "coalgate" report claims is rampant in this country, is probably the biggest hurdle to investment and growth as it stifles entrepreneurship, kills businesses that have no or few cronies in the corridors of power and puts up an insurmountable barrier for new entrants to business. The powerful loot and the economy stagnates. There is, therefore, a need for a nation-wide entrepreneur-based movement to free India from the shackles of crony capitalism through sweeping reforms in the business regulatory environment. In this context, **The FISME Factor** is happy to inform readers that the FISME Secretary General has been invited to represent MSMEs in a high-level committee set up by the Ministry of Commerce to recommend measures to improve the conditions for doing business in India. Read our report on this welcome development to know the details.

Editor

The FISME Factor

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Knowledge Store

Banking Baatein

Banks need to change approach to reduce NPAs

Is entrepreneurship only about making money? In the renewable energy field alone, a recent media report highlights six young entrepreneurs who gave up cushy jobs to launch five risky ventures with innovative products in the solar and wind energy space that help to bring electricity to the homes of the rural and urban poor at a very low cost. They are driven not by the mere desire for making money but by the higher motives of making a social impact, changing lives and serving the have-nots while at the same time boosting the use of renewable sources of energy instead of fossil fuels. All their ventures are already profitable and growing rapidly to boot. And if you ask them what drives them, they tell you that despite the risks involved, entrepreneurship for a cause is a lot more satisfying than working for big companies, including working abroad for multinationals and earning fat salaries. Vive la social entrepreneurship!

Bottom line: Success is sweeter when it comes from serving a social cause



MEDIA MONITOR

Macro Metre

Economy grows 5.5% in Q1 on farm, construction push

Aided by better farm sector performance and a one-off pick-up in construction activity, the economy grew 5.5 per cent in the first quarter of this fiscal. The performance is marginally better than the January-March quarter growth of 5.3 per cent, which was the lowest quarterly growth in nine years. It is, however, much lower than the 8 per cent GDP growth recorded in the April-June quarter last fiscal. Reacting to the first quarter GDP growth numbers, Finance Minister P. Chidambaram said the decline in growth of fixed investment (0.7 per cent against 14.7 per cent in Q1 last year) was a source of concern to the Government.



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Manufacturing growth slips to 9-month low on power cuts

The country's manufacturing sector witnessed the weakest growth rate in nine months in August because of shrinking export orders and disruptions caused by power failures, an HSBC survey said. The HSBC India Manufacturing Purchasing Managers' Index (PMI) - a measure of factory production - eased to 52.8 in August, from 52.9 in July.

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Exports down 15%, India's growth tale fast losing the plot

Here's more proof that all is not well with the Indian economy. India's exports in July contracted by 14.8% — the steepest fall in three years — over the same month in 2011 as orders from Europe, hit by sovereign debt worries and a wobbly political situation, shrank. This has shown that exporters haven't been able reap the advantage of the weakening rupee, which has slid to a record low.

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Domestic Digest

24 companies line up for IPOs on NSE emerge



National Stock Exchange recently issued detailed guidelines for its new trading platform for shares of small and medium enterprises (SMEs), where the first Initial Public Offer by a company would begin on September 4. As per a circular issued by NSE, all members eligible for its main capital market segment would be eligible to trade on

SME platform, named 'Emerge', and no separate membership would be required for trading on the new platform.

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Thejo Engineering to be the first SME IPO on NSE

Chennai-based Thejo Engineering proposes to





Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 promulgated by the Government allows the banks direct access to securities charged without resorting to legal means which can bypass protracted legal battles.

[Read the full article](#)

Finance Fundamentals

Overview of Group Personal Accident



The Group Personal Accident policy enables a company to pay a lump-sum amount to its employees in case he/she meets an accident. The policy covers both work and non-work related accident. So a road accident, or accidental fall in the house/office or machine related injury, all hold equal significance in the policy.

[Read the full article](#)

SMEs must invest cash lying idle in short-term plans

In India, there are about three crore small and medium enterprises (SMEs), contributing about 45% of the country's industrial output and 40% of exports, which translates to around 17% of India's GDP. Given the various incentives by the government, these figures are expected to rise as we move forward. However, most SMEs lack in one particular aspect, that of efficiently managing whatever small amount of cash they have at their disposal.

[Read the full article](#)

India Factoring: the way to get SME credit beyond banks



The role of a factoring business is yet to gain ground in India wherein small and medium enterprises (SMEs) struggle to get funding support from banks

enter the capital markets on September 4, 2012 with a public issue aggregating upto Rs 21 crore through a book building process. The price band has been fixed at Rs 402 to Rs 430 per equity share of Rs 10 each and the issue closes on September 6, 2012. This is the first stock that is proposed to be listed on Emerge the SME platform by NSE.



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BSE's SME segment to list five more companies

The SME platform of the Bombay Stock Exchange will be listing five more companies shortly. The exchange said in a press note that it has already given in-principle approval to three companies for opening their public issues, namely, SRG Housing Finance, Comfort Comtrade and Jointeca Education Solutions. Besides, two more companies, Anshu's Clothing and RCL Foods have submitted their DRHP and awaiting approval, the release said.

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Finance Ministry eases ECB norms for MSMEs, realty

The finance ministry recently decided to further liberalise the norms for raising external commercial borrowing (ECBs) by domestic firms, particularly those in the realty sector. Although the high-level committee on ECBs, which met recently, chose to keep the overall window for ECBs at the current \$40



billion, it allowed cash-starved sectors of urban housing and micro, small and medium enterprises (MSME) to access such funds and also eased the refinancing norms for infrastructure and manufacturing firms.

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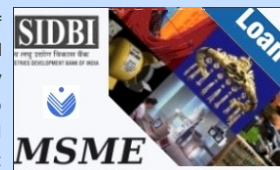
IDBI Bank ties up with SME rating agency

IDBI Bank Ltd has entered into a Memorandum of Understanding (MoU) with SME Rating Agency of India Ltd (SMERA) to evaluate its existing as well as potential MSME (Micro, Small and Medium Enterprise) clients. "The rating will make it easier for the bank to get information and expedite the credit decision in lending to the prospective MSME customers.... The customers will get concessions on the rate of interest if their rating is higher," said S. K.V. Srinivasan, Executive Director, IDBI Bank.

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SIDBI to be first to raise funds through external borrowing

The Small Industries Development Bank of India (SIDBI), finances the Micro, Small and Medium Enterprise (MSME) sector, recently said it would be first finance company to raise funds through external commercial borrowing (ECB) after the government comes out with the necessary guidelines.



The government has recently relaxed ECB norms to allow easier access to cheap dollar funds to housing finance companies such as HDFC, SIDBI and permitted non-resident entities to provide rating enhancement facility to Indians.

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MSME sector seeks panel to monitor credit flow



Representatives of micro, small and medium enterprises (MSMEs) have asked Finance Minister P Chidambaram to set up a committee to monitor whether such enterprises are benefitting from the directives issued periodically to banks by the Reserve Bank of India (RBI), to the effect that ample credit must be made available to them at moderate interest rates.

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UP to launch MSME business portal

on concern of asset quality. At a little higher cost of funds, a factoring company can well be the liquidity generator to scoot the SME growth engine.

[Read the full article](#)

Marketing Mantras

Get into the hiring mode with the right process



Finding the right person and building a team are worries that any business owner faces, big or small. This continues for a Start-up and SMEs as well. They are constantly driven by pressures and competition, keeping them on their toes.

[Read the full article](#)

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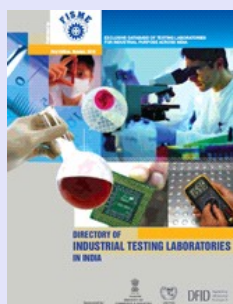
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Handbook for Managing Export Payment Risks

To boost the growth of micro, small and medium enterprises (MSMEs) in Uttar Pradesh, the state government will launch a business portal for MSMEs, upload a district-wise MSME database and revitalise the state's financial institutions. The B2B (business-to-business) portal will facilitate registration of MSMEs operating in various industry segments.

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Rajasthan announces interest subsidy for SMEs

Rajasthan Industries Minister Rajendra Pareek recently announced an interest subsidy of 200-300 basis points for small and medium enterprises that set units in the backward regions of the state and help in their development. The interest rate will be subsidised by 3 percentage points for small scale units, as per the definition given by the Ministry of Micro, Small and Medium Enterprises of the Government of India and 2 percentage points for medium scale units.



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No IKEA if small units hit, says Vayalar Ravi

Swedish furniture maker IKEA will not be permitted relaxation in rules for FDI in single-brand retail if it affects interest of the domestic small and tiny units, new Minister for MSME Vayalar Ravi, said recently. "Any relaxation which they demand, if it affects my people and industry, I won't accept....," Ravi said after taking additional charge of the Micro, Small and Medium Enterprises (MSME) Ministry.

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Want to revive sick enterprises: MSME Minister



I want to help those Micro, Small and Medium Enterprises (MSMEs), which have been closed. My idea is to revive such sick small industries, which have closed because they have reasons beyond their control, Minister for Micro, Small and Medium Enterprise (MSME), Vayalar Ravi

said in an exclusive interview.

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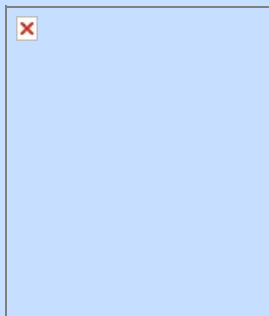
Banks can cut NPA by helping MSMEs: IIM-Indore

Banking industry in the country can minimize its non-performing assets (NPA) and increase their profits if they help medium and small enterprises (MSME) build their capacities and MSMEs adopt best management practices. This was revealed in a value proposition model for various banks, which are risking their profitability due to loan lending rules to MSMEs, developed by the Indian Institute of Management, Indore (IIM-I).

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TN sanctions Rs 50 crore to modernise industries centres

The Tamil Nadu Government has committed to investing Rs 100 crore every year for entrepreneurship development in the State. Besides, the Government has sanctioned Rs 50 crore to modernise all District Industries Centres with facilities such as computers with Internet connection and also facilities for video conferencing for the benefit of micro, small and medium enterprises in the State, said M.C. Sampath, Minister for Rural, Cottage and Small Industries & Nutritious Noon Meal, Government of Tamil Nadu.

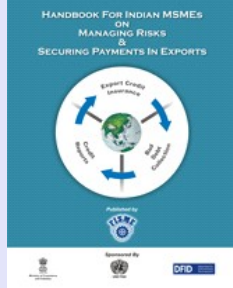


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Data protection should be top priority of SMEs: Survey



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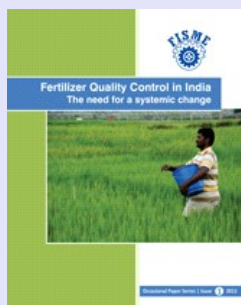
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Free Publications

Fertilizer quality control in India: Need for change



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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:

[Egypt](#)

[Canada](#)



protection should be a top priority for Small and Medium Enterprises (SMEs) in India, said a survey relieved by Symantec Corp. Symantec Corp.

recently announced the India findings of its first ever State of Information Survey. According to the survey, SMEs in India are dealing with enormous amounts of data, on average have 563 terabytes of information data and it is expected to grow 178 percent over the next year for SMEs.

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World Watch

Focus on South Africa



South Africa explores India's SME success



During her visit to India, South African Deputy Trade and Industry Minister Elizabeth Thabethe will explore how Indian small and medium enterprises (SMEs) contribute to their national economy, an official said recently. The Deputy Trade and Industry Minister also

said that both countries are developing nations, confronted by similar economic challenges, Xinhua reported.

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Focus on UK



Bristol council tells local SMEs to bid for our ICT business

Bristol city council has announced changes to its ICT strategy aimed at ensuring that within the next three years 25% of its technology budget will be spent with local SMEs. The council is planning a "more flexible approach" towards the procurement of ICT goods and services on which it spends about £25m each year. On 4 September it is holding an event intended to inform small local technology companies about potential opportunities with the council.



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Focus on UAE



SMEs contributed 60% to UAE GDP in 2011

The contribution of small and medium enterprises (SMEs) to the UAE gross domestic product (GDP) doubled at 60 per cent in 2011, according to the Ministry of Economy. A report developed by Gulf Capital showed that the figures represent 100 per cent increase in comparison to 2010 result as SMEs have become a vital cog to the growth of the UAE economy.

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Focus on China



Slowdown hits China's export hub hard

Hit hard by global economic downturn, many firms in China's export hub Wenzhou are closing down as they face a "more serious" situation than the 2008 financial crisis with big companies in the country posting sharp dip in profits. Profits of major industrial firms slipped 5.4 per cent year-on-year to 366.8 billion yuan (about \$59 billion) in July, the National Bureau of Statistics (NBS) said in a statement. The decline was larger than the 1.7-percent year-on-year drop in industrial profits seen in June, and the 5.3-percent drop of May.



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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.

[Read Details](#)



New Members

5 new members join FISME

During the period August 15, 2012 to August 31, 2012 a total of 5 new MSMEs became members of FISME.

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