



Scaling Up Sustainable Development of MSME Clusters in India

The SWITCH-Asia Project “Scaling up Sustainable Development of MSME Clusters in India” seeks to address the energy, environment and social issues and ensure sustainability across foundry clusters in India.

The Project aims to achieve adoption of sustainable business practices by introduction of improved technologies, scaling up capacity of BMOs, facilitating aggregate sustainability reporting and enhancing MSMEs access to credit through improved financial linkages. Also, the project aims to undertake policy advocacy and dissemination. The project duration is for three and half years



Expected Outcomes

500 foundry MSMEs adopt clean production methods to become commercially competitive leading to coke savings of 18,000 MT per annum.

200 MSMEs adopt improved OHS practices thus benefitting 2,000 workers directly.

50 BMOs capacitated and at least 4 BMOs create Cluster Sustainability Business Centers and provide cleaner and energy efficient technologies in a business mode.

4 BMOs adopt Aggregate Sustainability Reporting methodology and produce at least 1 such report.

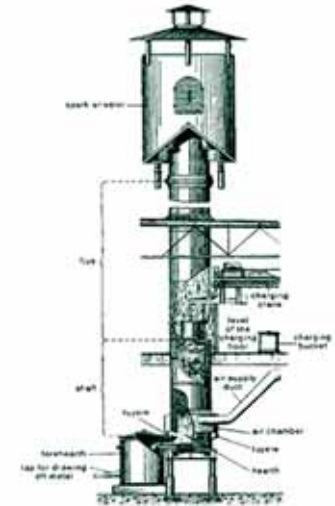
100 foundry MSMEs access new or existing credit instruments and public funding options for sustainable production.

Policy makers are strengthened to develop guidelines, resources and implementation instruments for promoting SCP.

Learnings so far and the way ahead

Economics of change in the short term is the main driver for the owner

- ▶ Customization of solutions at enterprise level
- ▶ Low investment options are preferred



"The furnace that I got made was specifically designed to suit my requirements. The design had to account for the type of raw material we use, the ash content of coke, melting temperature required and the output rate. This ensured optimum efficiency level for my furnace."

- Mukul Gupta, Vikrant Foundry, Phagwara

Change in practices is a bigger factor of change than equipment & technology

- ▶ Adoption of simple operational methods offers immense opportunities for energy efficiency

"I have just implemented several useful operational tips. These provided me savings of upto 15%."

- Ravi Jaiswal, Kalimata Industries, Dasnagar, Howrah



- ▶ Reporting at individual and aggregate level, in-house or for external stakeholders to stimulate and sustain change



490 enterprises influenced directly leading to 13,000 mt. of reduction in Co2 emission

Other responsibility agenda follows once economics is taken care of

- ▶ Adoption of occupational health and safety (OHS) practices follows economic gains



"We have been doing something or the other for our labour, but in bits and pieces. The project has heralded a proper diagnosis about what is critical and what can be done about it through a systematic approach. We have been able to pool resources to get good local expertise to do factory cleaning, undertake layout changes, selective mechanizations and organize health camps. These have not only helped improve the work environment, but also ensured direct business gains. It gives a nice feeling and the workers are likely to stay on"

- Ankit Madhogaria, Owner, Noble Marketiers Pvt Ltd, Biradingi, Howrah

375 enterprises implement OHS Measures impacting more than 5000 workers

Seeing is believing and relying on key opinion makers

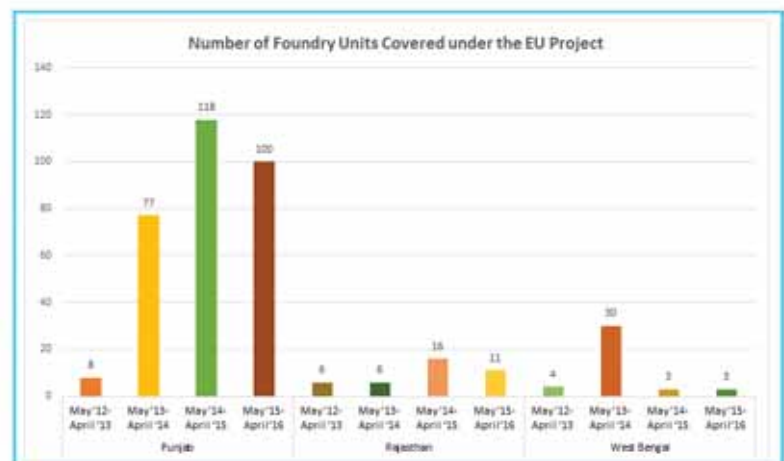
- ▶ Exposure visits & trust building

"When the technical expert explained us the usefulness of DBC during the seminar, it sounded just right, but I wanted to see for myself and talk to the owner and supervisor of a company that had actually adopted this technology before saying yes. Others waited for many more to adopt the changes before taking the plunge. It has therefore been a slow start in our cluster but took off once the number reached a critical mass"

- Haridev Bagga, Owner, Bagson Foundry, Phagwara



- ▶ The rate of adoption of change is very slow initially and then picks up pace.



Quick and low transaction cost of financing is the key

- ▶ Internal or informal sources of financing are therefore more preferred routes
- ▶ 'Pay-as-you-Earn' systems of financing are perceived to potential winners.

100 enterprises get access to institutional finance

"I needed only Rs 6 Lacs for the cupola upgradation but did not want to wait for a few months before getting the loan disbursed. Once the potential gain was clear to me, I preferred to go ahead with internal resources and some borrowings from friends. I would have preferred if there was a pay-as-you-earn system of financing where I could have paid out of the savings generated"

– Yashpal Gosain, Owner, Gosain Foundry, Ludhiana



Empowering local stakeholders is the route to scaling up

- ▶ Business case and empowerment for local stakeholders including fabricators, equipment suppliers, industry associations, production supervisors and consultants is the way to scale up.



300 trainings, seminars and workshops organised for various stakeholders



"I generally make 20 new cupola furnaces every year in my area. I also design the furnaces myself with so many years of experience at my back. I have now learnt basic elements of a proper design based on process requirements and the need for a design sheet. The project offers technical support and helps me in fabricating as per the required specifications. I am sure this will help many new cupolas with better efficiency and longer life"

– Joginder Singh Alias Kala, Owner, MS Fabricator, Ludhiana



European Union

“The European Union is made up of 27 member states who have decided to gradually link together their know-how, resources and destinies. Together, during a period of enlargement of 50 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms.

The European Union is committed to sharing its achievements and its values with countries and peoples beyond its borders.”

Partners & Associates



Foundation for MSME Clusters (FMC) is a not for profit organization working towards the development of MSME clusters in India and other transition economies.



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH offers demand driven, tailor-made and effective services for sustainable development. The services delivered by GIZ are based on draw on a wealth on regional and technical expertise and tried and tested management know-how.



Global Reporting Initiative (GRI) works toward a sustainable global economy by providing sustainability reporting guidance. It has pioneered and developed comprehensive sus-tainability reporting framework to enable organizations measure and report their economic, environ-mental, social and governance performance.



Indian Institute of Corporate Affairs (IICA) established by the Ministry of Corpo-rate Affairs, Government of India, is a think-tank for knowledge development and dissemination and for rendering policy advice to the Government of India on issues relating to corporate affairs.



Small Industries Development Bank of India (SIDBI) is the principal financial institution in India for pro-motion, financing and development of micro, small and medium-scale enterprises (MSME).



United Nations Industrial Development Organization’s (UNIDO) primary objective is the promotion and acceleration of industrial development in developing countries and countries with economies in transition and the promotion of international industrial coopera-tion.

Cluster Address

Punjab

Ludhiana Cluster
276/1 Industrial Area,
Near Cheema Chowk,
Ludhiana-141003, Punjab

Phagwara Cluster
55/168 (A-2) 1st floor, New Model Town,
Near Virk Hospital Hargobind Nagar,
Phagwara-144401, Punjab

Batala Cluster
1 floor, BA Industries, GT Road,
Batala-1433505, Punjab

Rajasthan

Jaipur Cluster
F-109, B-6, Cine Star Mall,
Vidhyadhar Nagar,
Jaipur-302029, Rajasthan

West Bengal

Kolkata Cluster
96 Garai Station Road,
Kolkata-700084, West Bengal



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