



2019-20

# ANNUAL REPORT

Foundation for MSME Clusters (FMC)

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AUDITOR'S REPORT

# ABOUT THE ORGANISATION

The Foundation for MSME Clusters (FMC) specializes in promotion of MSMEs through cluster and value chain led development. FMC was promoted as a Registered Trust with technical support of a then UNIDO Cluster Development Programme, in June 2005. In India, FMC has worked/working with around 200 MSME clusters, done/got done studies/research in another 150 MSME clusters and worked with 250 Business Membership Organizations (BMOs). FMC and its experts have also provided training, handholding and research on cluster development in 16 other countries across the globe.

FMC has its head office in New Delhi and branch/project offices in Arunachal Pradesh, Assam, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Mizoram, Odisha, Punjab, Telangana and Tripura. FMC has qualified professionals having hands-on experience in MSME development with special focus on cluster approach. It has a strong team of 40 employees and consultants with diverse specializations including management, finance, economics, bio-technology, agriculture, sustainable development, engineering, etc. FMC activities are implemented by 4 cells: BMO and Market Promotion, Energy and Environment, Infrastructure and Governance, and Policy and Research.

## VISION

To promote an economically progressive, socially connected, environmentally sustainable world that is spiritually rooted and composed of interconnected yet diverse local socio-economic systems.

## MISSION

We assist institutions undertake effective and inclusive cluster based local economic development in developing and transition economies.



## A word from the Chairman

India has an estimated 22 million manufacturing MSMEs. An estimated 19 million of them are own account enterprises (running with family labour only) and are dealing with issues related to formalisation, entrepreneurship capacities, financing, linkages to value chain beyond local economy, information, etc. While India has taken steps for their welfare and promotion, it is time that we recognise them as a separate entity, say nano enterprise and provide them with suitable schematic support for promoting joint enterprises of these entities in the 4000 odd such clusters. The SFURTI scheme of the Government of India is making real changes towards this process and I am happy that we are playing a significant role in this endeavour in 40 clusters where we are engaged as a technical agency and in 20 clusters where we are engaged as Nodal Agency of the Ministry of MSME, Government of India.

Challenges of the estimated 3 million manufacturing MSMEs include various issues related to HR, market promotion, finance, infrastructure, etc. However, from a development perspective, an issue of high importance is manufacturing sustainably. Here, efforts need to be done to promote circularity and also take care of the working condition of labourers. I am happy that with the support of DST, Yes Bank and EU we have made a significant difference in this direction. Due to a range of heterogeneous waste generated, there is also scope for promoting Eco-Industrial Zones, recharging existing industrial zones with enterprises that can use waste material and create linkages among clusters to promote circularity at an aggregate level. I am happy that FMC is pursuing this agenda with all seriousness.

Mr. Ajay Shankar  
Chairman

## Governance

FMC is steered by an eminent Board of Trustees at the apex level, Chaired by Mr. Ajay Shankar, Former Secretary, Government of India. The Board comprises of other eminent persons and institutional representatives from all walks of life. The main role of the Board is to lay down the primary aims and objectives of FMC and ensure its overall governance in conformity with the Vision and Mission of FMC.



Mr. Ajay Shankar  
Chairman



Prof. Y K Alagh  
Trustee



Dr. Sunil Shukla  
Trustee



Mr. Rakesh Rewari  
Trustee



Ms. Meera Shenoy  
Trustee



Dr. Veena Joshi  
Trustee



Dr. Santosh K Mehrotra  
Trustee

### Annual Meeting

During the Annual Meeting of the Trust, the Board Members consider the Annual Report and the accounts of the Trust in respect of the previous financial year. The Board Members also review the operational practices/structures and advice on how to streamline it to secure maximum impact. They also advise on preparation of the annual action plans and establishment of institutional linkages and leverage on other sources of financial/technical assistance.





## MILESTONES & DELIVERABLES 2019-20

**20478** NO. OF MSMES BENEFITTED

**22.05**  
(RUPEE IN MILLION)  
TURNOVER INCREASE

**2664 tonnes**  
CARBON REDUCTION

**3690**  
EMPLOYMENT GENERATION

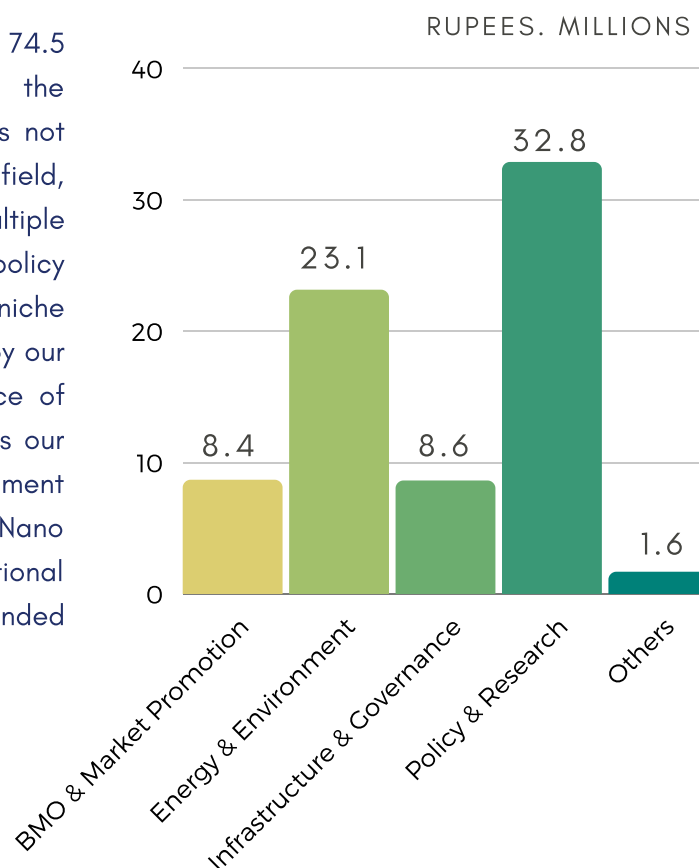
**54**  
ENERGISED BMOS

**28212 tonnes**  
WASTE REDUCTION

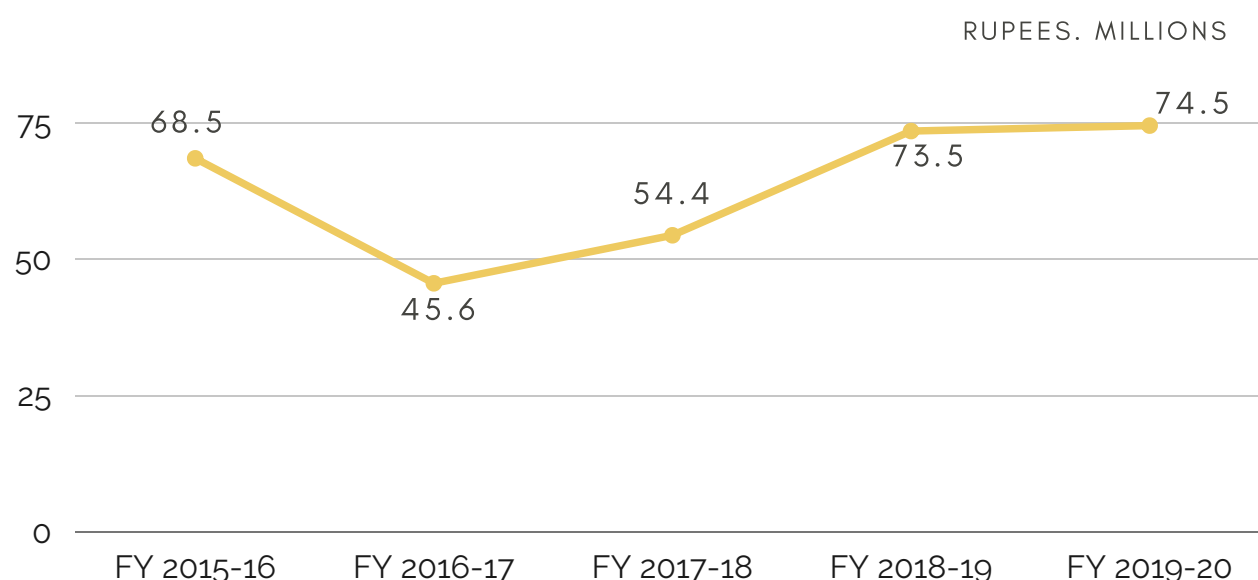
**08**  
COMMON FACILITY  
CENTRE CREATED

# FINANCIAL SUMMARY

The year 2019-20 has seen a turnover of Rs. 74.5 million marking a step towards achieving the targeted vision. FMC as an organisation has not only become an important entity in the MSME field, but was also successful in working with multiple Ministries. Government of India in areas of policy and capacity building. Our resolve to carve a niche for ourselves has been further strengthened by our growth strategy under the valuable guidance of our eminent Board of Trustees. This enhances our ability to scale impact in sustainable development enhancing competitiveness of Micro and Nano industries. The mix of national and international developmental projects fits well with the intended strategy to continue focusing nationally.



## Last Five Years Total Revenue



# PROGRAMS & INTERVENTIONS

Historically known as an organisation good in cluster development related training, research and implementation, FMC has over the years created a niche also in promoting sustainable development enterprise promotion, strengthening of industry association and creation of corporate enterprises of natco enterprise. Sectorally also, FMC has a good hand of textile, bamboo, coir, foundry, pharmaceuticals, sport goods etc.

In our major ongoing project funded by the European Union, we are working on promotion of sustainable Bamboo and thereby creating green jobs. We aim to support the journey of artisans to entrepreneurs thereby creating/ expanding 2250 sustainable bamboo based enterprises (50% being women).

We are also working very closely with the Ministry of MSME and have taken up 40 approx clusters under SFURTI Scheme as Technical Agency. We are also working as Nodal Agency in 20 clusters. The SFURTI scheme aims at rejuvenating the traditional industries cluster development approach.

Through our other current programs, we are also working on promoting Energy Efficiency through technology up-gradation and addressing environmental issues through waste recycling. We aim to promote resource efficiency by making 700 micro-enterprises energy efficient leading to a savings potential of 3 million KWH and recycle 200 million tonnes of waste in 150 MSMEs through technical innovations.

We are also working to enhance income and create suitable infrastructure for women handloom weavers of two Districts of Assam through identifying new market linkage, capacitating weavers in new designs, creating common infrastructure and market promotion initiatives and forming a Producer Company owned and managed by women weavers. Through this intervention we aim to benefit 200 women weavers and enhancing their income by 25%.



# MAKING MSMEs IN INDIA EFFICIENT, SUSTAINABLE AND GREEN

## Say YES to Sustainable MSMEs in India

### A project funded by CSR initiative of YES Bank Limited

This is the 6th year of association of FMC with Yes Bank Limited for promoting responsible MSMEs. FMC has worked out methodologies for energy savings in fourteen sectors including dyeing, rubber, plastic, textiles, rice mill, auto ancillaries, sport goods, pharmaceuticals, printing & packaging, travel & tourism, chemicals, food processing, industrial engineering, and has implemented the same in seven states including Andhra Pradesh, Punjab, Haryana, Uttar Pradesh, Delhi, Tamil Nadu and Rajasthan. It has been found that broadly 15 percent energy savings in an MSME is possible with zero investment. However there is huge shortfall in availability of energy auditors. FMC strives to reduce this gap in the coming years.

Around 200 MSMEs from 20 BMOs were sensitized on Energy Efficiency and OHS Practices. Around 3365 workers from 377 MSMEs unit benefitted on occupation health & Safety, 3766 unique SMEs were sensitized on energy conservation, lean and other technical topic. In the year 2019-20, this project has saved/created annual energy savings potential of over 3200 MWH (Mega Watt hour) in around 70 MSMEs. Besides one to one interaction was done with 1500 MSMEs and they were also sensitized on Energy Savings and OHS Practices.



Energy Audit process in MSMEs

# BUSINESS GENERATION FROM RECYCLED WASTE: AN INITIATIVE TO BOOST CIRCULAR ECONOMY

**Promoting Sustainable and Inclusive Growth by Enterprise Creation through Science & Technology Based Innovative Solutions**

**(Sub-Sectors: Foundry Waste)**

**A project funded by National Science & Technology Entrepreneurship Development Board (NSTEDB), Department of Science and Technology, Government of India**

The estimated 5000 foundries in the country produce around 500,000 tonnes of waste annually. These never used to get recycled. After doing the necessary R&D with Development Alternatives, FMC has created/promoted 35 units which have replaced stone chips with foundry waste in making of paver blocks. This project has helped recycle around 83,564 tonnes of foundry waste so far. The target is to create 50 units that will recycle 1, 25,000 tonnes of foundry waste during the entire project period.



Foundry Waste (Slag)



Paver Block

<https://www.slagpavers.com/>

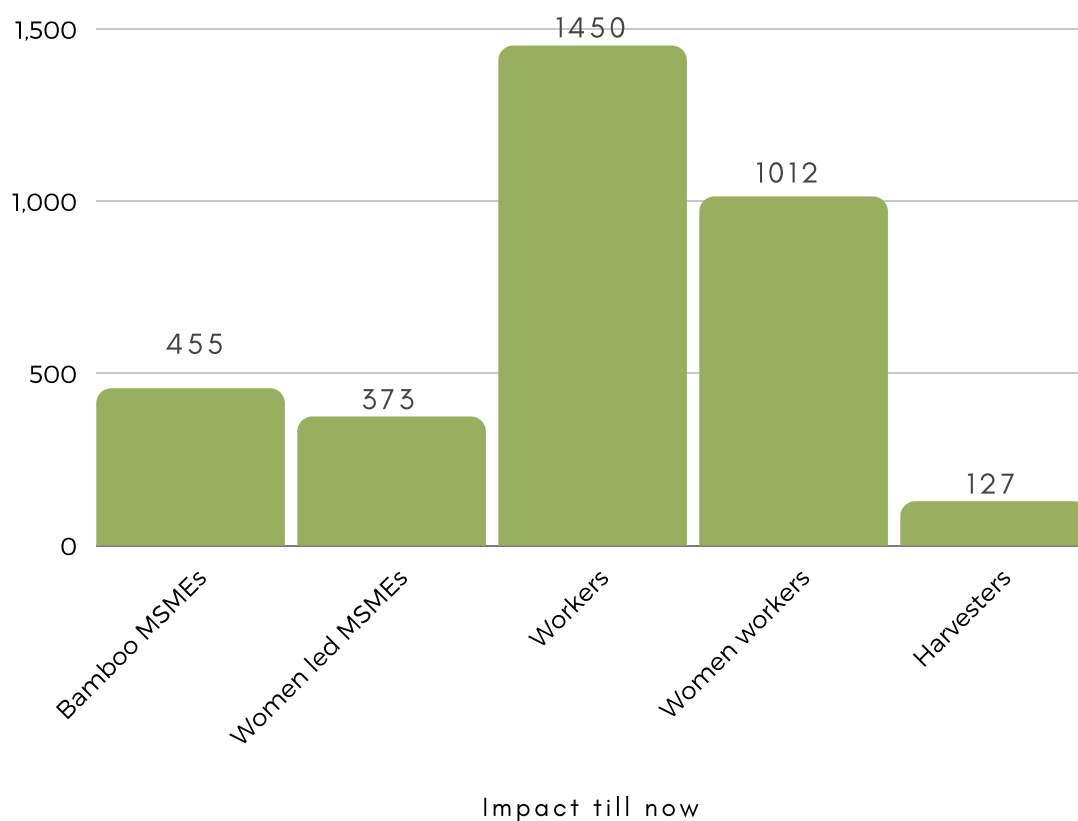
*This project targets a total of 50 enterprises (40 new and 10 existing) to be established for commercialization of paver blocks made through foundry waste. A total of 35 enterprises created leading to consumption of 83,564 tons of foundry slag. The Industrial Symbiosis not only manage waste but also reaps commercial benefits for MSMEs.*

# INNOVATION & EMPLOYMENT GENERATION

## Promote Bamboo MSME Clusters for Sustainable Development

### A project funded by European Commission

Primary target of the Project is to create 2250 enterprises and create 10,000 green jobs. The project could not do much work in 2018. In 2019, 455 enterprises were actually started/ expanded, 82 per cent being women-led. These enterprises collectively employed an estimated 1450 persons, 70 per cent being women. It is estimated that another 10 to 15 per cent employees in the value chain may have got indirectly benefitted. These 455 enterprises generated an estimated market worth Rupees 39 million (0.55 Million Euros) and executed orders worth Rupees 34 million (0.48 Million Euros). A market survey study is ongoing. The study has identified around 100 potential buyers. This will help to add further momentum in the market promotion. 699 persons got insurance cover for their social security and understanding has been created to enhance this amount several folds in the coming months. With the support of 9 incubation centres, 13 start-ups with 13 products have been identified, while 2 start-ups have been grounded.



# INNOVATION & EMPLOYMENT GENERATION

## Promote Bamboo MSME Clusters for Sustainable Development A project funded by European Commission

The incubation centres are also spreading themselves into the cluster by experimenting with satellite centres in the villages. 36 strategic BDSPs, 49 local BDSPs, 5 machinery manufacturers and raw material suppliers got linked to the enterprises, thus taking the cumulative tally to 36 strategic BDSPs, 49 local BDSPs, 5 machinery manufacturers and raw material suppliers, 17 specialised buyers and 13 buying agents. As against a target of 9, plans are firmed up for creating 8 big and 7 mini CFCs. 1267 artisans/enterprises were provided technical, managerial and financial inputs. These include 127 artisans/enterprises who were provided training of trainers and 263 artisans/enterprises who were provided technical training. 25 financial institutions have been linked to the cluster enterprises and those banks/MFIs/NBFCs have disbursed credit worth Rupees 20 million (0.28 Million Euros) against a submitted loan proposal of Rupees 29 million (0.41 Million Euros) by 324 enterprises.



Publication on Bamboo business opportunities in Jharkhand



Bamboo Artisans Conclave - 2019

# STRENGTHENING LOCAL PRODUCER NETWORKS

## Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries: India Component

### A project funded by SAARC Development Fund and NABARD

This Project targets to promote livelihood options of 1000 farmers/artisans/workers/entrepreneurs in the bamboo clusters of Dumka (Jharkhand) and Ribhoi (Meghalaya) and enhance their income levels by 50 per cent. By creating 2 CFCs, the project is expected to help these 1000 artisans to have better access to quality services and facilities for efficient production. 50 per cent training programmes have been completed. 35 new design/ prototypes of handicraft, lifestyle products have been developed. In Jharkhand, income has increased by 50 per cent for 300 artisans and CFC building is ready. We are targeting modular CFCs. As a Technical Advisor (TA), FMC is also providing training, information and hand holding support to similar projects in Afghanistan, Bhutan, Bangladesh and Nepal.



Selection of bamboo cut area during harvesting



Process of Plantation

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Promoting bamboo based enterprised for income generation and employment opportunities in Ri-Bhoi Cluster, Meghalaya and Dumka Cluster, Jharkhand.

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# REJUVENATING TRADITIONAL INDUSTRIES

## Strengthening Livelihoods in Traditional Industries by setting up Common Infrastructure

**A project funded by SFURTI Scheme, Ministry of MSME**

FMC as a Technical Agency provides close handholding and implementation support to under SFURTI scheme. The responsibilities include preparation and validation of Detailed Project Report (DPR) of clusters, conducting training of the Cluster Development Executives (CDEs) and other officials of the Implementing Agencies (IAs), training, market promotion, creation of CFC and regular monitoring of the cluster to the respective field office of Nodal Agencies.

FMC facilitated creation of six Common Facility Centers (CFCs) till 2018. These CFCs support 3000 entrepreneurs in areas related to Khadi, coir, woodcraft and jewelry. In the year 2019-20, 4 more CFCs were completed in sectors coir, stone products, block printing, supporting 1400 artisans.

The scheme aims to promote Indian traditional and rural clusters by strengthening market linkages, product and design development, establishment of requisite, common facilities, skill development and linking social benefit schemes to artisans. This Cluster Development Programme (CDP) is implemented for 3 years for each cluster which is inclusive of soft, hard and thematic interventions.



Sunpura Stitching & Embroidery Cluster



Bidar Wood Craft Cluster

Working in more  
than 40 Clusters

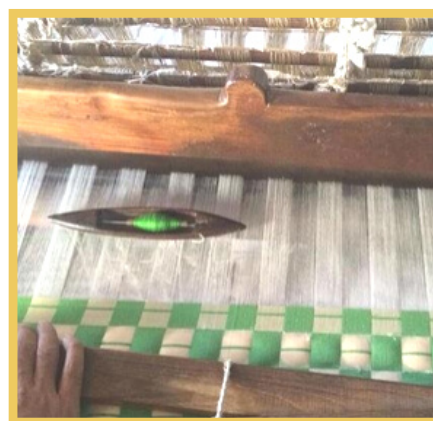
52 Special Purpose  
Vehicles

# REJUVENATING TRADITIONAL INDUSTRIES

**Strengthening Livelihoods in Traditional Industries by setting up Common Infrastructure, FMC as Nodal Agency**  
**A project funded by SFURTI Scheme**

FMC as Nodal Agency extends all support required to Technical Agency (TAs) and Implementing Agencies (IAs) for implementation of the scheme as for promoting Clusters. As Nodal agency we do appraisal of DPRs received from TAs establishing the project viability, output, outcomes, impact and sustainability; Apart from this as Nodal Agency we also do Program fund management and ensure timely disbursement of funds to the IAs to ensure time bound completion of projects.

Ministry of MSME, Government of India appointed FMC as one of the Nodal Agencies (NA), in August 2019. Subsequently FMC empanelled 7 Technical Agencies. In the FY 2019-20, 20 proposals were approved and expected to benefit 13000 artisans in sectors like Aqua Culture, Agriculture, Handicrafts, Handlooms, Honey, Bamboo, Jewelry, Rugs and floor coverings, floriculture.



Kothi Sujani (Quilt) Cluster

20 Clusters

20 SPVs

FMC as Nodal Agency entrusted by MoMSME with a target of 20 clusters for FY 2019-20, under the SFURTI Scheme in 9 states, with a combined project cost of Rupees. 607 million and aggregate Grant of Rupees 560 Million. This is an on-going initiative to support Ministry of MSME to rejuvenate the traditional industries.

## PROMOTING COLLECTIVE ENTERPRISES FOR LIVELIHOOD AUGMENTATION

### Establishment of Community Enterprise for Handloom Products in Lakhimpur & Dhemaji Districts

**A project funded by National Hydroelectric Power Corporation (NHPC)**

This project attempts to create a company of 20 producers' groups of minimum of 10 women weavers each and federate them (at an individual weaver level through direct membership) into a producer company and enhance their income by 25 per cent by linking them to higher order providing desired value chains, training for that purpose and creating a CFC. The company will do market promotion and provide common facilities to the weavers. As on March 2020, 10 weaver groups have been formed having 115 beneficiary weavers, producer company has been registered initially with 5 member directors and 137 member. 8 design training programmes have been conducted and order of Rs 15 lakh has been generated.

*The Producer Company will be branded as "SAAR Handloom". It will endeavour to weave rich tradition of Assam with contemporary designs in Eri and other yarns, blended with natural colours, to create a unique fabric.*

Weavers also participated in an exhibition in Delhi and sold products worth more than 1 lakh. New knowledge and production practices in the form of natural dye and frame loom have been introduced. 20 weavers have already procured Frame Loom with 20 per cent own contribution and started production on Frame Loom which provides higher productivity. Another 20 weavers also placed order for procurement of new Frame Loom. 2 trainings on frame loom operation have also been provided. With the leveraging support of SIDBI Guwahati. An exposure visit to a benchmark cluster in Assam and participation in an exhibition in Guwahati were also organized.



Dyeing Training Program, Lakhimpur



Hand Spun Yarn

## INNOVATION FOR IMPROVEMENT OF OHS CONDITIONS

### **Design and Development of Low Cost Carding Machine for Namdah Weavers in Tonk, Rajasthan (SEED)**

**A project funded by Department of Science & Technology,  
Government of India**

Namdah is a craft of creating felt from locally available wool and it is practiced by 300 families in Tonk, Rajasthan. The process is hazardous as the carding machine used for this purpose at the household level is unsafe and it throws huge amount of cotton and dusts in the process. We have created a safe and least hazardous carding machine which can be priced around Rs. 1.5 to Rs. 2 lakhs. It has demonstrated enhanced productivity by 30 per cent and reduced dust pollution level by 60 per cent. We have also created appropriate attachments for the existing household level carding machine. One association of namdah artisans has also been registered OAEs. It will provide support to 100 more artisan units in the cluster. Association has established a model unit and they will be service providers to other artisan units in the cluster.



Old Carding Machine



New & Technologically  
advanced Carding Machine

# INNOVATION IN MSMES

## Capacity Enhancement of BMOs for Innovation Promotion

A project funded by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

*The 'GIZ MSME Innovation Project' encourages business promotion through workshops, trainings, gap analysis, capacity creation, and implementation of services for member as well as non-member MSMEs.*



MSME Innovation Knowledge Meet

This project aims to promote or create 10 Innovation Facilitation Centres in 10 BMOs from engineering and textiles sector by introducing innovative income generating services for the BMOs which need to be sustainable beyond Project period. A business plan for each of those 10 BMOs/innovation facilitation centers has been created along with BMO specific action plan and handholding was provided to them in implementation. 3 Trainings/workshops have already been completed involving more than 40 BMO's where the main objective was to present the idea of innovation through cost cutting, systematic improvement in efficiency, and responsible business. Workshop with Manufacturing and Trade Industries in Punjab had been organised to promote/create Innovation Facilitation Centre within BMOs by introducing innovative income generating services by the BMOs.



## STRATEGIC INTERVENTIONS FOR MSME DEVELOPMENT

**Identifying /collating issues of prime importance to the MSMEs, come out with policy level suggestions**



Our Executive Director Dr Tamal Sarkar (1st from right) participated in a meeting with the Honourable Prime Minister of India and suggested the issues that were identified in these workshops. A note on these suggestions was also submitted

With 64 million MSMEs employing 111 million persons and contributing to 40 per cent of GDP, undoubtedly, MSMEs are an important stakeholder in the economic landscape of our country. In order to further strengthen the sector, FMC organized Policy workshops engaging with various stakeholders on issues of importance. These issues included:

- Defining MSMEs
- Promoting joint enterprises of Own Account Enterprises
- Priority sector lending
- Promoting Business Development Service Providers
- Promoting Circular Economy
- Market first for Self Employment
- Infrastructure support
- Smart Cluster
- Promoting Women Entrepreneurship
- Promoting Business Membership Organisations (BMOs)

# STRATEGIC INTERVENTIONS FOR MSME DEVELOPMENT

## Strengthening Knowledge for Enhancing Development Outcomes (MSME cluster development strategy)

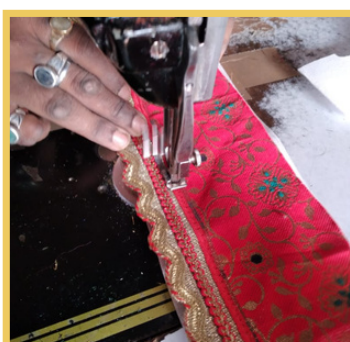
**A project funded by Asian Development Bank (ADB)**

The State Government of Uttar Pradesh has launched the One District One Product (ODOP) Scheme to provide a new impetus to the economy and decentralize the growth process. Under this scheme, each of the 75 districts in the State has been assigned a product, such that the district has a significant competitive advantage in its manufacturing, owing to the presence of traditional MSME units. The ODOP Scheme aims cover every district of the State and provide a composite package of support to selected products for promoting employment intensive development.

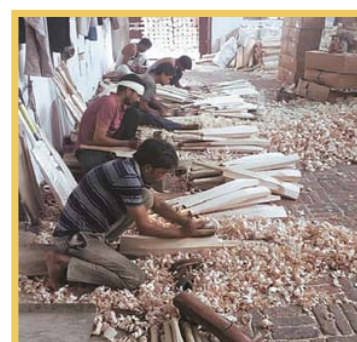
For implementation of the scheme, under an assignment given by Asian Development Bank (ADB) FMC is preparing a strategy for MSME cluster development to support the implementation of the ODOP Policy in Uttar Pradesh. It includes preparing diagnostic study reports (DSRs) for each district in the selected clusters, including, study of industry potential and scope of new industries (manufacturing and services), value chain linkages with industries and markets and identification of skill gaps and job roles across the value chain. The selected clusters are



Mainpuri Tarkashi Art



Mathura Thakurji Dress



Meerut Sports Goods  
Consumer goods

# STRATEGIC INTERVENTIONS FOR MSME DEVELOPMENT

**Digital innovative tools to generate and increase the income of MSMEs/startups**

**A project funded by Friedrich Naumann Foundation (FNF)**

Promote business for start-up/BMO/Incubators by linking them with appropriate BMOs and their members nationally as well as globally, the main objectives of the project is

1. Create a virtual market place for MSMEs, BMOs and start-ups to exchange business information
2. Create a real marketplace for start-ups through direct interaction of Select Start-ups with BMOs and MSMEs
3. Link start-ups with appropriate value chain partners.
4. Create business models and business linkages by linking them through virtual and real time interaction



<https://www.letsstartup.net/>



Workspace scenario under COVID-19  
for MSMEs

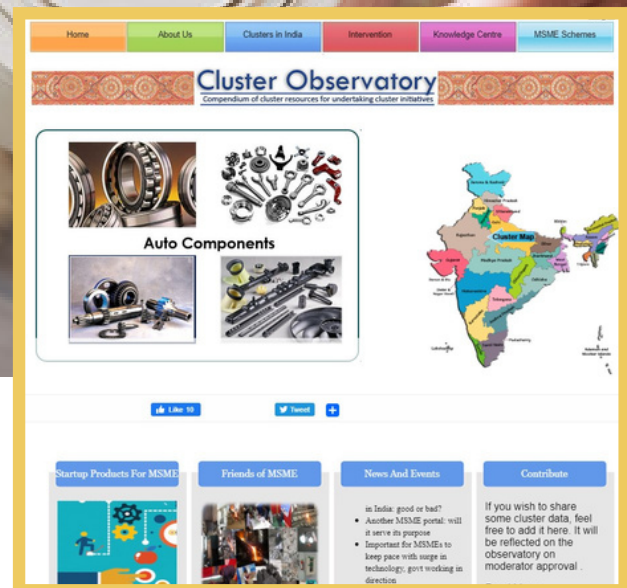
1. A database of 195 BMOs, 122 Incubation centre & 62 Start-up units were created under the project.
2. MOU with 10 start-up units & 5 incubation centres was done under the project.
3. A website has been developed "Let's Start-Up" to promote innovative start-ups and green business ideas on a national and global level
4. Quick business plan has been prepared for 13 start-up products
5. OHS module prepared to help SMEs in taking steps to protect workers from COVID-19 by educating their staff about preventive measures.

## INDIA'S FIRST CLUSTER OBSERVATORY.IN

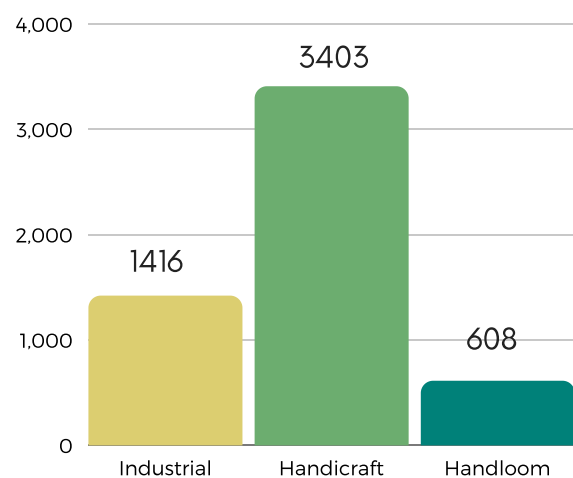
The Cluster Observatory caters to the needs of a wide category of audience ranging from policy makers, donors, development institutions, cluster practitioners, research institutions, financial institutions, etc. It provides information on presence of different typologies of clusters and their basic status. It also provides information about the interventions undertaken by different agencies in the clusters and schemes that support MSMEs and Business Membership Organisation (BMO) that promote MSMEs.

**5427**  
Clusters  
Mapped

**448**  
MSME  
Schemes



"Indian MSMEs are concentrated around geographical locations called clusters. It is estimated that at least 70% of MSMEs are situated in clusters. FMC has created a portal called "Cluster Observatory"."



**OUR PRESENCE IN THE GLOBAL CLUSTER OBSERVATORY**  
**[HTTP://WWW.CLUSTEROBSERVATORY.ORG/](http://www.clusterobservatory.org/)**



## TOGETHER AS A TEAM



Board Meeting



Birthday Celebration



Holi Celebration



Diwali Celebration



# **AUDITOR'S REPORT ATTACHED**



# S R J N & CO. LLP

## Chartered Accountants

S-5, Wadhwa Plaza-I, Plot No. 11, Central Market, Sector-6, Dwarka, New Delhi -110075

Phone: 42740280, 9810813280

E-mail: [rkn.fca@gmail.com](mailto:rkn.fca@gmail.com), website: [srjnllp.com](http://srjnllp.com)

### INDEPENDENT AUDITOR'S REPORT

To

The Board of Trustees  
Foundation for MSME Clusters  
New Delhi

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Foundation for MSME Clusters ('FMC')** which comprise the Balance Sheet as at March 31, 2020, Income and Expenditure Account and Receipt & Payment Account for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of FMC in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of FMC and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that operate effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to FMC's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the FMC has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of FMC as at 31 March, 2020 and its excess of income over expenditure for the year ended on that date.

For **SRJN & CO LLP**

Chartered Accountants

Firm Regn No. 009063N/NS00041

  
**CA. Rajiv Nagpal**

Partner

Membership No. 087401



Place: New Delhi

Date: 16/11/2020

UDIN : 20087401AAAAV7239



# Foundation for MSME Clusters (FMC)

## BALANCE SHEET AS AT 31ST MARCH, 2020

PARTICULARS	Sch. No	As at 31.03.2020	As at 31.03.2019
<b><u>SOURCES OF FUNDS</u></b>			
<b>CAPITAL FUND</b>			
Corpus Fund		5,000	5,000
Reserve Fund	A	2,21,33,754	2,11,72,411
Fixed Assets Funds	B	15,38,351	7,41,471
<b>Total A+B</b>		<b>2,36,77,105</b>	<b>2,19,18,882</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>FIXED ASSETS</b>	C		
Gross Block		25,13,896	18,67,534
Less: Depreciation		1,35,973	1,63,210
Net Block		<b>23,77,923</b>	<b>17,04,324</b>
<b><u>CURRENT ASSETS LOANS &amp; ADVANCES</u></b>	D		
Cash & Bank Balances		23,09,64,496	3,16,45,469
Loans & Advances		39,47,994	94,98,814
Receivables		1,35,45,373	1,21,64,425
		<b>24,84,57,862</b>	<b>5,33,08,708</b>
<b><u>LESS : CURRENT LIABILITIES &amp; PROVISIONS</u></b>	E		
Liabilities		22,71,58,680	3,20,83,150
Provisions		-	10,11,000
		<b>22,71,58,680</b>	<b>3,30,94,150</b>
<b>Net Current Assets</b>	(D-E)	<b>2,12,99,182</b>	<b>2,02,14,558</b>
<b>Total C+(D-E)</b>		<b>2,36,77,105</b>	<b>2,19,18,882</b>

Schedule "A" to 'L' form part of these financial statements

For FOUNDATION FOR MSME CLUSTERS

*Tamal Sarkar*  
Dr. Tamal Sarkar  
Executive Director



*Amit Tyagi*  
Mr. Amit Tyagi  
Head-Finance and Administration

Auditor's Report

As per our separate report of even date

For SRJN & CO. LLP

Chartered Accountants

Firm Regn No.009063N/N500041

*Rajiv Kumar Nagpal*  
CA. Rajiv Kumar Nagpal

Partner

M.No.087401



PLACE : NEW DELHI

DATED : 16.11.2020





# Foundation for MSME Clusters (FMC)

## INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2020

(Amount in Rupees)

EXPENDITURE	Sch	Year ended 31st March, 2020	Year ended 31st March, 2019	INCOME	Sch	Year ended 31st March, 2020	Year ended 31st March, 2019
Audit fees		1,50,000	1,00,000	Consultancy Charges		1,49,59,810	1,08,09,977
Establishment & Office Expenses	F	26,56,716	14,50,695	Interest Received from Banks	I	4,82,487	4,57,513
Stipend & Internship Expenses		1,09,000	60,000	Grant Utilised/Reimbursement	J	5,85,85,897	6,20,01,784
EPF & ESI Contribution of FMC		8,04,559	7,63,437	Miscellaneous Receipts	K	4,92,953	2,08,464
Office Rent		22,62,149	7,72,184				
Legal and Consultancy Expenses		26,67,064	8,26,774			7,45,21,147	7,34,77,737
Gratuity Expenses for the year		6,36,925	9,34,502				
<b>Project Expenditure (Grant Mode) (*)</b>	G						
Department of Science & Technology (DST)							
-DST - ISTED		46,57,329	37,84,683				
-DST - SEED		12,79,110	6,55,842				
<b>YES BANK LIMITED (YBL) CSR</b>							
-YBL CSR 2016-17		-	3,07,374				
-YBL CSR 2017-18		53,38,390	1,83,75,640				
-YBL CSR 2018-20		1,01,71,105	-				
SAARC Development Fund Bamboo		13,05,643	75,17,127				
SAARC Development Fund Bamboo TA Component		4,50,760	-				
Friedrich Naumann Foundation (FNF)		11,55,207	-				
NABARD/SDF Project expenses		23,39,420	-				
European Union Switch Asia Bamboo		2,96,99,141	2,25,48,387				
<b>Sub Total (G)</b>		<b>5,63,96,105</b>	<b>5,31,89,053</b>				
Other Projects Expenses (*)	H	62,28,104	74,51,221				
Depreciation	C	1,35,973	1,63,210				
Unrecoverable Balance w/o		15,08,401	29,18,551				
Fixed Assets w/o		4,809	12,012				
		7,35,59,805	6,86,41,640				
Excess of Income over Expenditure		9,61,343	48,36,098				
<b>Total</b>		<b>7,45,21,147</b>	<b>7,34,77,737</b>	<b>Total</b>		<b>7,45,21,147</b>	<b>7,34,77,737</b>

Schedule "A" to 'L' form part of these financial statements

(\*) Refer to note no B (2) of Notes to Accounts & Significant Accounting Policies forming part of the Financial Statements.

For FOUNDATION FOR MSME CLUSTERS

Dr. Tamal Sarkar  
Executive Director

Mr. Amit Tyagi  
Head-Finance and Administration

Auditor's Report  
As per our separate report of even date  
For SRJN & CO. LLP  
Chartered Accountants  
Firm Regn No.009063N/N500041

CA. Rajiv Kumar Nagpal  
Partner  
M.No.087401

PLACE : NEW DELHI  
DATED : 16.11.2020





# Foundation for MSME Clusters (FMC)

Receipt and Payment for Year ended 31st March, 2020

RECEIPTS		Year ended 31st March, 2020	PAYMENTS	Year ended 31st March, 2020
Opening Balances			Audit Fees	1,50,000
Cash and Bank Balance			Establishment & Office Expenses	26,56,716
Cash in Hand		-	Stipend & Internship Expenses	1,09,000
Balance with Banks		3,02,70,469	EPF & ESI Contribution	8,04,559
Fixed Deposit with banks		13,75,000	Office Rent	22,62,149
		3,16,45,469	Legal and Consultancy Expenses	26,67,064
Interest from Banks :			-DST - ISTED	46,57,329
-SB Interest	3,85,339		-DST - SEED	12,79,110
-SB Interest on grants	12,10,854		-YBL CSR 2018-20	1,01,71,105
-FDR Interest	98,726	16,94,919	-YBL CSR 2017-18	26,28,990
			SAARC Development Fund Bamboo	17,56,403
-Ministry of MSME, GoI -SFURTI Fund		20,92,21,500	European Union Switch Asia Bamboo	2,96,99,141
-EU Switch Asia Bamboo		1,71,75,127	SDF/NABARD 2019-20	23,39,420
-SDF Bamboo		7,97,726	Friedrich Naumann Foundation (FNF)	11,55,207
-YBL CSR Grants		1,12,86,826	Other Project Expenses	42,50,005
-Department of Science & Technology		47,64,600	Fixed Assets Purchased	17,500
-NABARD/SDF 2019-2020		39,07,293	Security deposits	1,76,655
-Friedrich Naumann Foundation (FNF)		11,55,207	Advance to Staff	2,16,344
Other Grants		10,95,550	Other Advances & liabilities	3,34,642
Consultancy Charges		1,49,59,810	Duties & Taxes Payable	8,982
Miscellaneous		4,92,953	Expenditure Payable ( last year)	10,11,000
Income tax refund		11,18,836		
			<b>Sub - Total</b>	<b>6,83,51,320</b>
			<b>Closing Balances</b>	
			Cash	-
			Balance with Banks	22,97,14,496
			Fixed Deposit	12,50,000
<b>Total Rs.</b>		<b>29,93,15,816</b>	<b>Total Rs.</b>	<b>29,93,15,816</b>

For FOUNDATION FOR MSME CLUSTERS

*Tamal Sarkar*  
Dr. Tamal Sarkar  
Executive Director

*Amit Tyagi*  
Mr. Amit Tyagi  
Head-Finance and Administration

Auditor's Report

As per our separate report of even date

For SRJN & CO. LLP

Chartered Accountants

Firm Regn No.009063N/N500041

*Rajiv Kumar Nagpal*  
CA. Rajiv Kumar Nagpal

Partner

M.No.087401

PLACE : NEW DELHI

DATED : 16.11.2020



# Foundation for MSME Clusters (FMC)

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2020

(Amount in Rupees)

## SCHEDULE - A : RESERVE FUND

Particulars	As At 31st March, 2020	As At 31st March, 2019
Balance as per previous balance sheet	2,11,72,411	1,61,32,339
Add: Excess Income over expenditure	9,61,343	48,36,098
Add: Transfer from DST Fixed Asset Fund	-	2,03,974
<b>Total</b>	<b>2,21,33,754</b>	<b>2,11,72,411</b>

## SCHEDULE - B : FIXED ASSETS FUND

Particulars	As At 31st March, 2020	As At 31st March, 2019
Balance as per previous Balance sheet	7,41,471	2,03,974
ADD: Fixed Assets purchase	7,96,880	7,41,471
	15,38,351	9,45,445
Less: Transferred to Reserve Fund	-	2,03,974
<b>Total</b>	<b>15,38,351</b>	<b>7,41,471</b>

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(Amount in Rupees)

Yamal Sarkar







# Foundation for MSME Clusters (FMC)

## SCHEDULE - D : CURRENT ASSEST,LOANS & ADVANCES

Particulars		As At 31st March, 2020		As At 31st March, 2019
<b>CASH &amp; BANK balance</b>				
Cash Balance	-		-	
Axis Bank A/c (DST-SEED)-915010055883722	-		5,22,304	
Axis Bank A/c-357010100007429	47,64,365		14,30,214	
Axis Bank A/c -917010052007206	42,53,334		1,00,41,758	
Axis Bank A/c (NHPC)-918010084449655	5,318		47,873	
Yes Bank A/c (CSR)-013694600000631	(4,85,949)		5,26,644	
Yes Bank A/c (DST)-006994600000483	50,000		-	
Yes Bank A/c (MAIN)-006994600000473	50,437		-	
Yes Bank A/c (SFURTI)-006994600000423	20,96,79,973		-	
Axis Bank A/c (FCRA)-357010100042291	1,13,97,018	22,97,14,496	1,77,01,677	3,02,70,469
Fixed deposits-Yes Bank		12,50,000		13,75,000
<b>TOTAL</b>		<b>23,09,64,496</b>		<b>3,16,45,469</b>
<b>Loans &amp; Advances</b>				
Income tax deducted at source	23,76,755		34,95,591	
Security Deposits	7,41,047		5,64,392	
Advance to Project Partners ( EU)	7,88,021		56,11,426	
Advance to staff	(44,913)		(2,61,257)	
Interest accrued on FDR	87,084	39,47,994	88,662	94,98,814
Receivables against project expenditures		1,35,45,373		1,21,64,425
<b>Total</b>		<b>1,74,93,367</b>		<b>2,16,63,239</b>

## SCHEDULE - E : CURRENT LIABILITIES & PROVISION

Particulars		As At 31st March, 2020		As At 31st March, 2019
<b>LIABILITIES</b>				
<b>Unspent Grant funds :</b>				
Department of Science & Technology (DST)-ISTED	5,57,791		3,02,255	
Department of Science & Technology (DST)-SEED	(13,17,867)		(38,757)	
Yes Bank Limited CSR Grant	42,53,334		56,43,413	
SAARC Development Fund	(47,17,962)		(37,59,285)	
Grant From EU Switch Asia Bamboo Project	1,21,71,798		2,52,75,083	
Ministry of MSME, GoI -SFURTI Fund	20,96,79,973		-	
NABARD/SDF 2019-20	15,77,873		-	
Other Advances & liabilities	45,34,206		42,31,924	
Duties & Taxes Payable	4,19,535	22,71,58,680	4,28,517	3,20,83,150
Proivion for Project expenses (FCRA)		-		10,11,000
<b>Total</b>		<b>22,71,58,680</b>		<b>3,30,94,150</b>

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*Handwritten date: 2021*

Foundation for MSME Clusters  
New Delhi





# Foundation for MSME Clusters (FMC)

Sch- F	Establishment & Office expenses		
S. No.	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
1	Human Resource Development Expenses	1,30,143	1,49,123
2	Business Promotion Expenses	2,33,444	64,182
3	Office repairs & AMC of Computers	1,19,323	2,25,518
4	Annual Retreat/Picnic	25,000	78,216
5	Bank Interest & Charges	2,956	(16,559)
6	Board Trustees Meeting Expenses	1,29,336	2,69,666
7	Telephone, Fax & Internet Charges	75,023	65,218
8	Printing Postage & Couriers Charges	76,853	44,453
9	<b>Meeting Expenses</b>		
a)	Quarterly Review Meeting Expenses	4,233	13,388
b)	Starategic Committee Meeting Expenses	1,16,549	-
c)	Consultative Meetings Expenses	25,86,210	-
d)	Finance & Audit Committee meeting	59,633	
10	Other Miscellaneous office Expenditure	1,38,513	2,34,956
11	Travelling & Exposure Visit Expenses	1,39,180	5,58,063
12	Water & Electricity Expenses	2,54,108	36,892
13	Interest & Penalties on late payments	2,050	17,939
14	Salary (Net)	2,90,395	2,02,243
15	Insurance Expenses	2,15,286	2,55,328
16	Overheads recovered from projects	(19,41,519)	(7,47,931)
	<b>Total</b>	<b>26,56,716</b>	<b>14,50,695</b>

*Samal Sanju*  
*2021*

*Ju*  

 Chartered Accountants





# Foundation for MSME Clusters (FMC)

## SCHEDULE G - Project Expenditure -Grant Mode

Sno.	Particulars	As At 31st March, 2020	As At 31st March, 2019
1	IHELP (BMO Awards)	-	6,50,000
2	Department of Science And Technology (DST), ISTD		
	Unspent amount brought forward from Previous Year	3,02,255	(3,94,317)
	ADD: DST Grant Received during the year	47,64,600	47,64,600
	ADD: Bank Interest adjusted in grants	1,48,265	1,61,815
		52,15,120	45,32,098
	Less: (Overutilisation)/Unspent c/f from DST-ISTD	5,57,791	3,02,255
	Less: Fixed Asset grant to the extent capitalised	-	-
	Less: Interest Adjustment related to FY 2016 to 2019	-	-
		46,57,329	4,45,160
3	Department of Science And Technology (DST), SEED		
	Unspent amount brought forward from Previous Year	(38,757)	5,91,681
	ADD: DST Grant Received during the year	-	-
	ADD: Bank Interest adjusted in grants	-	25,404
		(38,757)	6,17,085
	Less: (Overutilisation)/Unspent c/f from Project	(13,17,867)	(38,757)
	Less: Fixed Asset grant to the extent capitalised	-	-
		12,79,110	6,55,842
4	Friedrich Naumann Foundation (FNF)		
	Unspent amount brought forward from previous year	-	-
	ADD: Grant Received during the year	11,55,207	-
	ADD: Bank Interest Adjusted in grant	-	-
		11,55,207	-
	Less: Unspent amount C/f	(4,50,760)	-
		16,05,967	-
5	Yes Bank Limited		
a)	Yes Bank Limited -CSR 2016-17		
	CSR Unspent Grant brought forward from previous year	-	1,49,023
	ADD: Grant Adjusted during the year	-	-
		-	1,49,023
	Less: Unspent amount C/f	-	-
		-	1,49,023
b)	Yes Bank Limited -CSR 2017-18		
	CSR Unspent Grant brought forward from previous year	-	27,29,519
	ADD: CSR Grant received during the year	-	1,09,17,812
		-	1,36,47,331
	Less: Unspent amount C/f	-	-
		-	1,36,47,331
c)	Yes Bank Limited -CSR 2018-19		
	CSR Unspent Grant brought forward from previous year	56,43,413	-
	ADD: Grant received during the year	1,12,86,826	56,43,413
	ADD: Bank Interest Adjusted in grant	-	-
		1,69,30,239	56,43,413
	Less: Unspent amount C/f	42,53,334	56,43,413
		1,26,76,905	-
6	SAARC Development Fund- Bamboo Project		
	Unspent amount brought forward from previous year	(37,59,285)	(10,18,270)
	ADD: Grant Received during the year	7,97,726	47,38,130
	ADD: Bank Interest Adjusted in grant	-	37,982
		(29,61,559)	37,57,842
	ADD : (Overutilisation)/Unspent c/f from SDF Grant	(42,67,202)	(37,59,285)
		13,05,643	75,17,127
7	EU Switch Asia Bamboo Project		
	Unspent amount brought forward from previous year	2,52,75,083	4,61,53,603
	ADD: Grant Received during the year	1,71,75,127	-
	ADD: Bank Interest Adjusted in grant	6,04,116	16,69,867
		4,30,54,326	4,78,23,471
	Less: Unspent amount C/f	1,21,71,798	2,52,75,083
		3,08,82,529	2,25,48,387
11	Ministry of MSME, GoI -SFURTI Fund		
	Unspent amount brought forward from previous year	-	-
	ADD: Grant Received during the year	20,92,21,500	-
	ADD: Bank Interest Adjusted in grant	4,58,473	-
		20,96,79,973	-
	Less: Unspent amount C/f	20,96,79,973	-
		-	-
12	NABARD/SDF 2019-20		
	Unspent amount brought forward from previous year	39,07,293	-
	ADD: Grant Received during the year	-	-
	ADD: Bank Interest Adjusted in grant	39,07,293	-
		15,77,873	-
	Less: Unspent amount C/f	-	-
		23,29,420	-
	Total	5,47,36,903	4,89,52,394

*Jamal Sarkar*



*A. Jyoti*





# Foundation for MSME Clusters (FMC)

Sch- H Other Project Expenses			
S. No.	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
1	SFURTI/KVIC Project	12,96,232	5,33,448
2	SIDBI Project	81,271	1,11,160
3	PMC,(WB) Project Expenses	33,723	94,358
4	Lean Manufacturing Projects		
	SIA, Phagwara	-	73,048
	LUB-Auto Parts	3,01,415	2,44,684
5	Teisipur Coir Cluster	1,25,000	74,187
6	BMO Awards	82,743	2,42,807
7	NHPC-Assam	26,18,409	15,62,415
8	Other Project Expenses	16,89,311	45,15,114
	<b>Total</b>	<b>62,28,104</b>	<b>74,51,221</b>

Sch- I Interest Received from Banks			
S. No.	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
1	Saving Bank Interest	3,85,339	4,12,361
2	Interest on Bank Deposit	97,148	45,152
	<b>Total</b>	<b>4,82,487</b>	<b>4,57,513</b>

Sch- J Grant Utilised/Reimbursement			
S. No.	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
1	BMO sponsorship	1,00,000	-
2	IHELP	-	6,50,000
3	Department of Science And Technology(DST),ISTED	46,57,329	37,84,683
4	Department of Science And Technology(DST),SEED	12,79,110	6,55,842
5	Yes Bank Limited		
6	Yes Bank Limited -CSR 2016-17	-	2,20,769
7	Yes Bank Limited -CSR 2017-18	27,09,400	1,65,91,582
	Yes Bank Limited -CSR 2018-22	1,26,76,905	-
8			
a)	SAARC Development Fund- Bamboo Project	13,05,643	75,17,127
b)	EU Switch Asia Bamboo Project		
	-Other Project expenses during the year	3,08,82,530	2,25,48,387
c)	Friedrich Naumann Foundation (FNF)	11,55,207	-
9	YES Bank-MDI	-	16,01,133
10	NABARD	-	1,50,000
	PMC-Suri, WB	44,043	25,000
11	Ecorys	-	2,68,000
12	Sfuri/Coir	-	78,67,600
13	GIZ	-	1,21,660
14	SDF TA Grant	4,50,760	-
15	NABARD/SDF 2019-2020	23,29,420	
16	Asian Development Bank(ADB)	8,95,550	
17	AM Receipts	1,00,000	
	<b>Total</b>	<b>5,85,85,897</b>	<b>6,20,01,784</b>

SCH-K MISCELLANEOUS RECEIPTS			
S. No.	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
1	Workshop's, Guest Lectures and other receipts	2,89,031	1,08,000
2	Miscellaneous Income	2,03,922	22,700
3	Prior Period Adjustments	-	77,764
	<b>Total</b>	<b>4,92,953</b>	<b>2,08,464</b>

*Amal Sarkar*







# Foundation for MSME Clusters (FMC)

Sch L:

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDING 31<sup>st</sup> MARCH, 2020

### (A) SIGNIFICANT ACCOUNTING POLICIES:

- 1) The trust prepares its accounts under Historical Cost Convention, ongoing concern basis and in accordance with generally accepted accounting principles.
- 2) Revenue Recognition:
  - i. Income approach is adopted in recognizing grants matching with associated costs subject to:
    - ☐ Compliance of conditions and meeting the envisaged obligations;
    - ☐ Reliable measurement of the grant committed; and
    - ☐ Probability of economic benefits flowing
  - ii. In respect of projects, income is recognized either on phase wise completion of the same or the completion of the project as may have been specified in the project contract and invoices are raised from time to time accordingly.
  - iii. In respect of interest on savings and fixed deposit bank accounts, income is recognized at the time of credit by the bank.
  - iv. Interest earned on grant is treated as part of grant amount, as per the terms of the grant contract.

### Fixed Assets & Depreciation:

- 3) Fixed assets are stated in the books at the historical cost inclusive of all incidental expenses incurred for acquisition of such assets.
- 4) Depreciation is provided on the written down value at the rates prescribed under the Income Tax Act, 1961.
- 5) In accordance with Accounting Standard 12, depreciation on assets acquired out of capital grants has been deducted from respective capital grant account and written back to income and expenditure A/c.
- 6) Accounting Policies not specifically referred to are consistent with the generally accepted accounting principles/policies.

### (B) NOTES TO ACCOUNTS:

#### 1) OPERATIONS:

The Trust came in to Existence in the year 2005. The Trust provides services in respect of Micro, Small & Medium Enterprises (MSME) development through cluster based activities. The services of the Trust are particularly sought in the areas of energy, efficiency. Capacity Building of Industry Associations, fostering CSR among MSMEs, policy and research, training of policy makers, financial linkages and common facilities establishment.






## Foundation for MSME Clusters (FMC)

2) Project based Accounting:


The expenses relatable to Grant based projects and non-grant Based projects have been accounted under the related Project Cost-center. All the Human Resource cost has been charged to the projects.

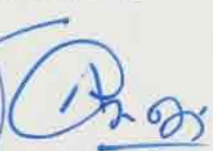
3) Prior period comparatives:

Previous year figures have been regrouped/rearranged wherever necessary and possible to conform to current year's presentation.

4) FMC had purchased a Group Gratuity Scheme in the year 2013-14 from Life Insurance Corporation of India (LIC) for giving post-employment benefits in the form of Gratuity for employees who have completed five years of service. The estimated liability on account of gratuity as on 31/03/2020 is Rs. 31,80,975/- (As per the valuation received from Life Insurance Corporation of India, based on the total number of 27 employees as on 31st March 2020) A net provision of Rs. 6,36,925/- was created by charging through the Income & Expenditure A/c at the year end.

For FOUNDATION FOR MSME CLUSTERS

  
Dr. Tamal Sarkar  
Executive Director

  
Mr. Amit Tyagi  
Head-Finance and Administration

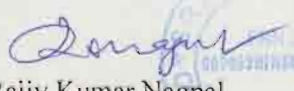
Auditors' Report

As per our separate report of even date

For SRJN & CO LLP

Chartered Accounts

Firm Regn No. 009063N/ N500041

  
CA. Rajiv Kumar Nagpal  
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M.No. 087401

PLACE: NEW DELHI

DATED: 16.11.2020



