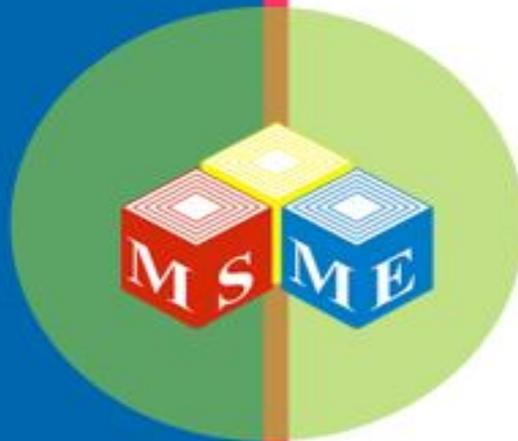


7th
Annual Report
2011-2012

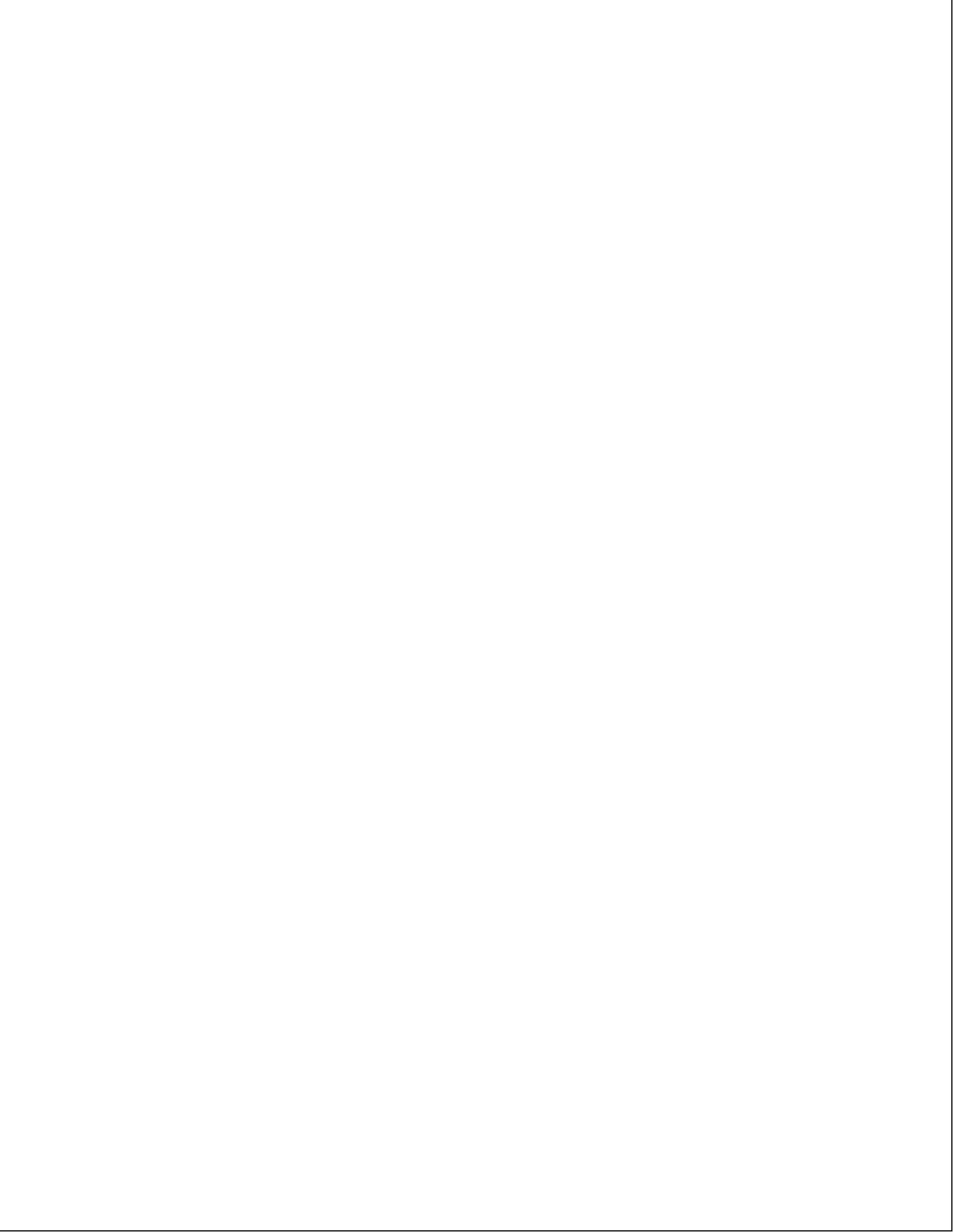


Foundation for MSME Clusters

Table of Contents



Chairman Message	4
About us & Our Services	8
Organisational Structure	14
Our Human Resources	22
Analysis of business and financial performance	30
Major action areas, outcomes and impact	36
Financial Report: Statement of accounts 2011-12	61





CHAIRMAN

Prof. Y. K. Alagh

For the Indian economy, this was a year of recovery interrupted. A year ago the challenges were many, yet there was a sense of getting out of the trough now belated. While there is no room for complacency, nor any excuse for what happens in one's own country, we cannot ignore the ground realities of the world. The global crisis has affected us. India's Gross Domestic Product (GDP) grew by 6.3 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. This year's performance has been disappointing. It is however a fact that in any cross-country comparison, India still remains among the front runners in economic growth.

For the better part of the past two years, we had to battle near double digit inflation. Our monetary and fiscal policy response during this period was geared towards taming domestic inflationary pressures. A tight monetary policy impacted investment growth. Fiscal policy could not deal with expanded outlays on subsidies and duty reductions to limit the higher fuel prices to consumers. Growth moderated and the fiscal balance deteriorated.

Worldwide, the micro, small and medium enterprises (MSMEs) play a leading role in propelling economic growth, sustaining livelihood and in promoting equitable regional development. The MSMEs constitute over 90% of total enterprises in most of the developing economies and are credited with generating the highest rates of employment growth and accounting for a major share of industrial production and exports.

In India also, the MSMEs play a pivotal role in the overall industrial economy of the country. It is estimated that in terms of value, the sector accounts for about 45% of the manufacturing output and around 40% of the total export of the country. In recent years, the MSME sector has consistently registered a higher growth rate compared to the overall industrial sector. The share of MSME sector contributes 45 per cent employment in total manufacturing sector. The major advantage of the sector is its employment potential at low capital cost. As per 4th All India Census of MSMEs, this sector employs an estimated 59.4 million persons spread over 26.1 million enterprises and the labour intensity in the MSE sector is estimated to be almost 4 times higher than the large enterprises. There are about 6600 clusters of MSME in India including 1157 traditional industries clusters, 3091 handicraft clusters and 563 handloom clusters. They contribute to a significant share of this employment volume estimated to be 70%.

MSME clusters constitute ideal targets for providing support to MSMEs. The concentration of largely homogenous enterprises within a relatively limited geographical area called 'clusters' facilitate higher productivity through lower transaction costs, access to specialised inputs including labour etc. and therefore clusters can become the medium to achieve the aims of 12th Five year plan because of their similarity of needs and support requirements. This speeds up the dissemination of best practices because of the demonstration effects, and allows for a distribution of the fixed costs of interventions among a large number of beneficiaries.

Realizing the tremendous contribution of the MSMEs in industrial production, employment generation and exports, the Government of India has introduced several policies to increase business and promote growth among the MSMEs over the past few decades. The post liberalization era in the Indian economy has ushered newer opportunities and challenge for the MSMEs. As global competitiveness becomes intensive, MSMEs are transitioning to a new business environment with emergence of global supply chains. MSMEs form an integral part of almost every value chain and there is a symbiotic relationship between the large corporations and relatively smaller sized suppliers.

The domestic market is no more an insulated zone in a controlled economy; the competitive pressures of a free market economy are catching up in India. In the earlier protected economy scenario, even inefficient MSMEs in the manufacturing sector managed to be profitable. However, with the opening up of the economy, the MSMEs have to catch up with the global standards of excellence in order to remain competitive and profitable. MSMEs, therefore have to adapt to new standards in technology, quality and pricing to be able to survive in the marketplace. The future of the MSMEs will depend on overcoming the challenges thrown in a liberalized world and by enhancing their competitiveness in an increasingly global economy.

For promotion and support to MSME, the Central Government notified the "Public Procurement Policy for Micro and Small Enterprises (MSMEs)" through an Order dated March 23, 2012 (under Section 11 of the MSMED Act, 2006). The Policy comes into force with effect from April 1, 2012. The Policy makes it mandatory for all central government departments and PSUs to achieve an annual target of sourcing at least 20% by value of their total annual procurement of goods and services from MSMEs within three years. Also there is potential for growth of MSME sector in retail market. The present worth of the retail market in India is 450 billion dollars and in the next decade this is supposed to go up to \$850 billion. With the present rate of sourcing of products from the MSMEs by 2020 they will be earning a minimum of \$298 billion from such products. Single brand retailing by IKEA for example will over the years throw several opportunities. Similarly Walmart and many others will seek unique Indian regional products to satisfy the demands for those products which cannot be fulfilled by mass produced large scale factories. These includes dairy products, meat products, fruits & vegetables, ethnic wear, rice, wheat, confectionary products, pickles, leather shoes, ceramic wares etc.

The MSME enterprises continue to face many constraints hampering smooth operations. Infrastructure bottlenecks are a major problem. Frequent power and water shortages hinder MSME activities. In the hinterland, poor road conditions impede transportation of goods. Communication services also need to be improved. Better road, rail, ports, airports connectivity will ensure sustainable regional growth and help MSME development. These are being taken care of by the major macro infrastructure inputs besides cluster specific infrastructure through CFCs etc.

Access to adequate and timely credit at a reasonable cost is the most critical problem faced by this sector. The major reason for this has been the high risk perception among the banks about this sector and the high transaction costs for loan appraisal. Further, the MSME sector in India, with some exceptions, is characterized by low technology levels, which act as a handicap in the emerging global market.

It was in this context that the Foundation for MSME Clusters (FMC) was conceived. The role it plays is vital to the national building through promotion of MSMEs. FMC which came into being in 2005 has completed 7 years of its existence and 6 years of business operations. The FMC has spread its wings in all four corners of the country by establishing its offices in East (Kolkata), West (Ahmedabad), South (Chennai and Hyderabad) besides its headquarters in north of India (Delhi). FMC which was a very small team of 4 in the year 2006-07 has now risen to 30 as of March 2012, and will continue to respond to the requirements.

Growth in terms of business operations has been robust at 32% this year compared to modest in the previous year at 19%. In financial terms from a turnover of Rs. 6.3 million in 2006-07 to Rs. 60.2 million this year. It had provided services in varied field of cluster mapping, conducting diagnostic studies, research, developing methodology and tools, training and monitoring and evaluation. It provided services to numerous clients viz. government of India, Department of Science and Technology and state governments of West Bengal, reputed international institutions viz. UNDP, UNIDO, GIZ of Germany and financial institution viz. Small Industries Development Bank of India (SIDBI). It has worked, besides pan India, in Ethiopia, Montenegro, Uganda, South Africa, Austria, etc.

European Union has awarded to FMC a project that will be executed in partnership with GIZ, UNIDO, Global Reporting Initiative (GRI), SIDBI and Indian Institute of Corporate Affairs (IICA). The project is for the duration of three and a half years with a value of Rs.13 crores. FMC through this project will be able to network with many other institutions in the area of climate change to make a meaningful impact and ensure 20% carbon intensity reduction as our national vision. The project will scale up the adoption of cleaner technologies and more responsible business practices by 500 MSMEs in the foundry sector by demonstrating business case and related saving potential. The improved processes and technologies will reduce coke usage by 28,000 MTs during the project duration and post project saving of 18,000 MTs of coke per annum equivalent to Rs.176 million at current prices.

FMC had earlier intervened in Samalkha, Faridabad and Kaithal foundry clusters in Haryana from mid 2008-2012 through funding support from Department of Science & Technology and The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). In these clusters, interventions were undertaken on coke based cupola furnace where interventions in 100 foundry enterprises have led to a coke reduction of 4,400 tons per annum valuing at about Rs. 5 crores.

FMC is a learning organisation. It is venturing into new work areas viz. Innovation, Agri clusters, BMO Capacity Building, Energy Efficiency, Business Responsibility in clusters. FMC has not compromised on its core values for obtaining assignments or getting payments released and on integrity of data.

The future focus areas for cluster work will be Energy, Carbon intensity, national resources viz. water, energy and innovation and BR business case. Corporate are under pressure to pursue commercial objective without compromising the environment and will adopt BR/ reporting, channelizing the CSR funds with supply chain and generate work on advice, policy and international research. Consequently there will be greater requirement of information on clusters and cluster related matters and thus lead to greater use of cluster observatory portal.

I am indeed grateful to all the institutions that have reposed their confidence by working with the FMC. I wish to thank my colleagues in the Board of Trustees who have richly contributed and guided the FMC to focus on its core strengths and reach at its current level. I compliment all the members of staff of FMC who have done well to help the organisation grow while adhering to the values and mission that we stand for.

Y. K. Alagh



About us & Our Services



About us

Clusters of micro, small and medium enterprises (MSMEs) are found in abundance across the globe. Since the early nineties, cluster based development of MSMEs has been adopted in over fifty countries. The Foundation for MSME Clusters (FMC) was conceptualised to contribute towards this process of cluster based development of MSMEs and thus enhance their competitiveness, generate sustainable employment and alleviate poverty.

FMC was legally constituted as a non-government, non-profit registered Trust under the auspices of the Entrepreneurship Development Institute of India (EDII), Ahmedabad, in the year 2005. It was technically supported by UNIDO Cluster Development Programme. The headquarters of the FMC is in New Delhi, India. It currently has offices in Ahmedabad, Chennai, Kolkata and Hyderabad.



Vision

An economically progressive, socially connected, environmentally sustainable and spiritually rooted world composed of interconnected yet diverse local socio-economic systems.



Mission

To assist institutions undertake effective and inclusive cluster based local area development in developing and transition economies.



Our Objectives



Cluster initiatives become inclusive



Cutting edge methodologies, tools, information and resources are accessible



Effective linkages emerge between clusters and important thematic institutions in the areas of competitiveness, innovation, energy, environment, business responsibility, finance, infrastructure, investment, R&D and local governance



Trained and competent professionals and institutions are available to facilitate cluster-based development



Models of strong community based civil society organisations emerge to take up cluster based sustainable development initiatives



Our Services

FMC provides and enable the provision of services in the areas of **advocacy, implementation and coordination, training and research** by collaborating with international agencies, government institutions, financial institutions, academic organizations, technical bodies, industry associations, non-government organisations and corporate entities engaged in development of MSMEs through sub-contracting and sourcing. Specifically the FMC provides services illustrated as:

- ≈ Designing cluster based MSME development initiatives
- ≈ Mapping clusters in regions and countries
- ≈ Conceptualization and implementation of related training programmes
- ≈ Monitoring, evaluation and impact assessment of cluster initiatives
- ≈ Innovative action research in cluster development
- ≈ Development of 'Business Development Services' (BDS)
- ≈ Institutional capacity building for cluster based development
- ≈ Capacity building initiatives for industrial associations and non-government organizations
- ≈ Undertaking policy and implementation research in cluster development

The above services are provided in three broad groups:



Policy and Strategy

- ✓ Policy and research
- ✓ Develop methodology and tools
- ✓ Map clusters
- ✓ Organize workshops and seminar
- ✓ Design cluster based development initiatives
- ✓ Incubate new models of development ventures
- ✓ Monitor, evaluate and impact assessment



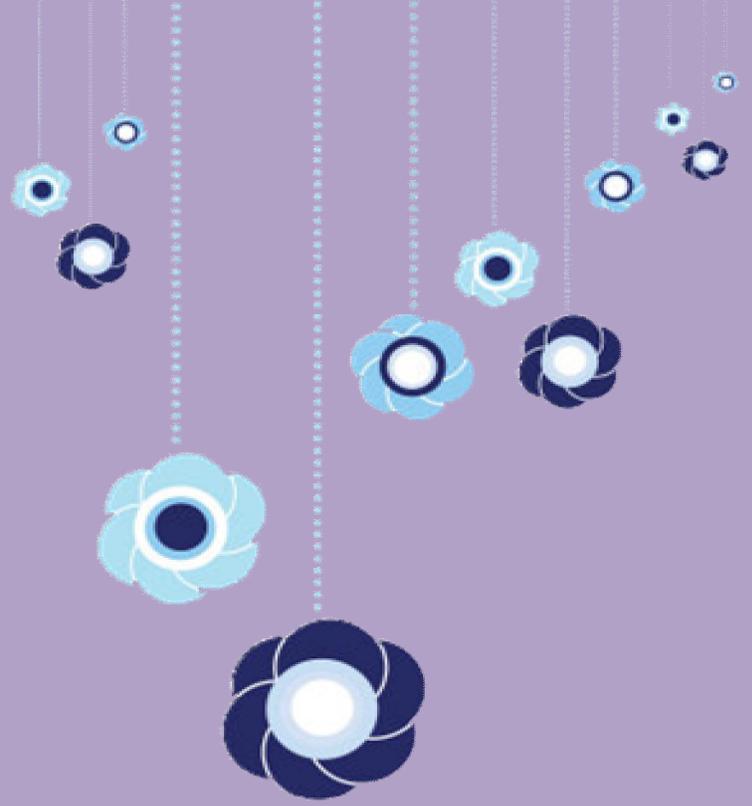
Training and Institutional Capacity Building for

- ✓ Implementers
- ✓ Trainers
- ✓ Policy Makers
- ✓ BMOs



Implementation and Coordination

- ✓ Undertake cluster diagnostic studies
- ✓ Provide programme management support
- ✓ Implement cluster initiatives



Organisational Structure



3

Organisational Structure



3.1 FMC is steered by an eminent **Board of Trustees** at the apex level, chaired by **Professor Y.K. Alagh**, Chancellor, Nagaland University, Chairman, Institute of Rural Management Anand, Vice-Chairman, Sardar Patel Institute of Economics & Social Research and Former Minister of Power, Planning, Science and Technology, Government of India.

3.2 The Board comprises of other eminent persons and institutional representatives including Mr. Nitin Desai, former Under Secretary General for Economic and Social Affairs, United Nations, Chairman, Governing Council of the CUTS Institute of Regulation & Competition., Dr. Dinesh Awasthi, Director, Entrepreneurship Development Institute of India (EDI), Mr. Anupam Dasgupta, former Secretary, Ministry of MSME, Govt. of India, and Member, National Consumer Disputes Redressal Commission, Mr. Brij Mohan, former Executive Director, SIDBI and Chairman, Access Development Services, Mr. Ajay Sud, Advocate, and Dr. Rajnish Karki, Strategist, Organisation Design. The main role of the Board is to lay down the primary aims and objectives of the FMC and ensure its overall governance in conformity with the vision and mission of the FMC.

3.3 Board of Trustees as on March 31, 2012



Prof. Yoginder K Alagh, born February 14, 1939, Chakwal (India) is currently Chairman IRMA, Chancellor, Nagaland University and Vice Chairman of Sardar Patel Institute of Economic and Social Research, Ahmedabad. He is a Trustee of the Rajiv Gandhi Foundation. He was earlier Minister of Power and for Planning & Programme Implementation with additional charge of the Ministry of Science & Technology. He is Director of Tata Chemicals, Shri Cements and Somany Ceramics. He is elected the First Fellow of the Indian Society of Agricultural Economics. He holds a Doctoral Degree in Economics from the University of Pennsylvania. He has seven books and over a hundred articles to his credit published both at home and abroad. He has been awarded the VKRV Rao Award in Economics for 1981. He was Vice Chancellor, Jawaharlal Nehru University and was Senior Fellow, World Institute of Development Economic Research, United Nations University, Helsinki.



Prof. Dinesh Awasthi, an Economist by training, is Director, Entrepreneurship Development Institute of India (EDI), Ahmedabad.

He has over 50 research papers and six books, besides a number of research studies on SMEs and Entrepreneurship, to his credit. He teaches entrepreneurship, strategic management and fundamentals of social development. Prof. Awasthi is a Member of several standing committees and core groups set up by Central and State Governments and State Institutions of Entrepreneurship Development.

Dr. Awasthi has also worked as a consultant to several UN agencies like ILO, UNIDO, UNDP and other international bodies like WS Atkins, UK and DFID, UK. He has extensively travelled across the globe in connection with various professional assignments.



Mr. Nitin Desai, a graduate of LSE, taught economics at two UK universities, worked briefly in the private sector, had a long stint as a government official in India, and then joined the UN in 1990. In India, he was in the Planning Commission (1973–88) and later in the Ministry of Finance as the Chief Economic Adviser (1988–90). In the UN, where he was Under Secretary General for Economic and Social Affairs, his major work was the organization of a series of global summits, notably the Rio Earth Summit (1992), the Copenhagen Social Development Summit (1995), the Monterrey Finance and Development Summit (2002), and the Johannesburg Sustainable Development Summit (2002). After his retirement, he has been involved in a variety of public policy activities nationally and internationally. He is a member of the Prime Minister's Council on Climate Change. He is a Distinguished Fellow of TERI, and chairs the Governing Council of the CUTS Institute of Regulation & Competition.



Mr. Anupam Dasgupta is currently a Member of the National Consumer Disputes Redressal Commission. He joined the Indian Administrative Service in 1970. After a career spanning over 36 years, he retired as Secretary to the Government of India in the Ministries of Small Scale Industries and Agro & Rural Industries. In that capacity, he was primarily responsible for ensuring formulation and enactment of the Micro, Small and Medium Enterprises Development Act, 2006 and design and implementation of some innovative programmes for cluster-based development of micro and small enterprises.

Mr. Dasgupta has been a first-class-first gold medalist throughout his educational career. Apart from a Master's in Physics, he did graduate-level courses in development economics, econometrics and cost-benefit analysis in a US university under the Hubert H. Humphrey North-South Fellowship Programme. Widely travelled within the country and overseas, he is an avid student of Physics, History, Economics and spiritual literature. He is a life member of the Indian Institute of Public Administration.



Mr. Brij Mohan is the former executive director of the Small Industries Development Bank of India (SIDBI) and has been engaged in pro-poor development activities for the last 29 years in various capacities in Industrial Development Bank of India & SIDBI.

Mr. Mohan is now the Chairman of ACCESS Development Services. He is also the Chairman of Ananya Finance for Inclusive Growth Ltd as well as the Chairman and Managing Trustee of MicroSave India. Besides, he is the Chairman of RGVN (North East) Microfinance Ltd & a director on the Boards of Micro Rating International Ltd. Mr. Mohan is also on the Editorial Advisory Board of UK based Enterprise Development and Microfinance Journal.



Mr. Ajay Sud is Head of Practice, Ajay K. Sud & Associates and Senior Advisor, KPMG Advisory Services Private Limited, India. Ajay Sud has over 26 years of experience in providing professional support in law, taxation, regulatory and management advisory services to national and international organisations with special focus on Voluntary Sector Organisations.

Ajay Sud was Member of the United Nations Resource Network for implementing Global Fund Grants for Aids, Tuberculosis and Malaria.



Dr. Rajnish Karki pioneered the 'boutique mode' of strategy consulting in India. He has advised on the strategic management initiatives of over two dozen medium and large organisations, covering a diverse array of sectors, such as basic materials, engineering products and projects, information technology, automotive and transportation, retail, branded consumer products, institutions and professional firms.

He has taught strategic management in the master's, executive and doctoral programmes at the Indian Institute of Management, Ahmedabad, and other leading institutions, and policy analysis at the Lal Bahadur Shastri National Academy of Administration, Mussoorie.

He holds a bachelor's degree in chemical engineering from IIT Kanpur and a doctorate in strategic management from IIM Ahmedabad. He has contributed articles and papers to top-end publications and authored the book – "Competing with the Best: Strategic Management of Indian Companies in a Globalising Arena", published by Penguin India in 2008 and Penguin Global in 2009.



3.4 Operational management of FMC activities rests with the **Directorate** that comprises of experienced professionals and support staff under the guidance of the Executive Director and overall direction and supervision of the Board of Trustees.



Human Resources

4

Our Human Resources

FMC views its Human Resources as 'Human Capital' the knowledge the individuals embody and contribute to the organization.

A comparison of the human resources at different levels/designations is provided below

<i>Levels/Designation</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
Executive Director & Director	3	3	3	3
General Manager	2	3	4	1
Deputy General Manager	2	1	3	4
Manager	5	7	9	12
Associates	5	11	11	6
Assistants				2
Support Staff	2	2	2	2
Total	19	24	32	30

The average age of the FMC members of the staff this year is 35 years. In terms of gender composition, the organisation has a male-female ratio of 3:1. Out of the 7 female staff 6 of them are in the professional category while 1 is in the support staff bracket. This compares with a total of 7 female staff in the total staff strength of 32 in the previous year.

Brief Profile of FMC Staff Members

MUKESH GULATI



EXECUTIVE DIRECTOR

Mr. Mukesh Gulati is a Post Graduate in Management from Indian Institute of Management, Lucknow and graduate in engineering from National Institute of Technology. He has coordinated a number of projects on behalf of United Nations Industrial Development Organisation (UNIDO) for 12 years on cluster based SME development. He has also represented UNIDO on several international forums and conducted a range of training programmes for policy makers from more than a dozen developing countries. During his career of 26 years, he has authored several books and publications in the area of SME development to his credit.

Email: mukesh@msmfoundation.org

TAMAL SARKAR



DIRECTOR

Dr. Tamal Sarkar is D. Phil in the Economics of Cluster Development. He has 20 years of experience in industrial development, with special reference to MSME. He has extensive hands on experience in cluster development and specializes in cluster development and poverty alleviation. He has authored a number of policy and methodology documents in the area of cluster development, poverty alleviation and resource based planning. He is also a pioneer trainer in the area of cluster development.

Email: tamal@msmfoundation.org

PARVINDER PAL



DIRECTOR

Mr. Pal is an MA in Economics from Kurukshetra University. He has been passionately engaged in promoting community development initiatives across micro enterprise clusters for over 27 years. His conceptualization skills, affinity to strike balance with stakeholders in 'poverty intensive clusters' and deep understanding of sociological aspects of community development have enabled him to strategize economic development issues with an inclusive perspective. He has worked as consultant to the UNIDO Cluster Development Programme in India for over 3 years and also worked with ILO in the area of cluster development.

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RANJAN SINGH



GENERAL MANAGER

Mr. Singh is an Engineering Graduate with specialisation in Electrical Engineering and has a Post Graduate Diploma in Quality management. He has 13 years of experience in managing techno-commercial projects in corporate sector in India and East Africa. He has also dealt extensively in financing and development of SMEs.

Email: ranjan.singh@msmfoundation.org

AMAR SINGH



DY. GENERAL MANAGER

Mr. Singh has 35 years' of experience. He has worked in government for 25 years of which 15 years in the Ministry of Micro, Small and Medium Enterprises and 10 years in the Industrial Policy and Promotion. He worked for the Cluster Development Programme of United Nations Industrial Development Organisation (UNIDO) for 10 years from the year 1999 to 2008. He has been associated with the Foundation for MSME Clusters since its inception. His key skills are in the area of Networking Capabilities, Formulation of Schemes and Strategy, Formulation for Development of Clusters, Linkage building for SME promotion, Training on Cluster Development.

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SANGEETA AGASTY



DY. GENERAL MANAGER

Ms. Agasty is a Post Graduate in Management from Xavier Institute of Management, Bhubaneswar (XIMB) and also holds a Master degree in Economics. She has more than 8 years of professional experience of project planning and project management, monitoring and evaluation, training, action research and consultancy work in the area of Micro, Small, Medium Enterprise (MSME) based Cluster Development, BDS development and value chain management. She worked with United Nations Industrial Development Organisation (UNIDO) as a National Expert in cluster development; with International Water Management Institute (IWMI) as an Intern and with Central Government as an Economist.

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SUKANYA BANERJEE



DY. GENERAL MANAGER

Mrs. Sukanya Banerjee is a Post Graduate in Economics from Jawaharlal Nehru University. During her work with ICRIER (Indian Council for Research on International Economic Relations) and CII (Confederation of Indian Industries) she has undertaken various research based assignments encompassing areas like WTO, Trade Facilitation and Retail. She has 9 years of work experience in policy related areas.

Email: sukanya.banerjee@msmfoundation.org

ASK SHARMA



DY. GENERAL MANAGER

Mr. Sharma is a Post Graduate in Geological sciences from Osmania University, Hyderabad and Post Graduate in Business Management from IGNOU, New Delhi. He started his career as a Geologist in M/s Hindustan Zinc Limited, Udaipur and later switched over to SME Development and worked in reputed organizations like National Institute of Micro, Small and Medium Enterprises (NIMSME) and APITCO Limited at Hyderabad. He also prepared more than 300 Project Reports for SME Sector submitted to various nationalized banks.

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RAVINDER KISHOR DWIVEDI



MANAGER

Mr. Dwivedi is a Post Graduate in Commerce from CSJM University and also has done Master in Social Work from MPBH University, Bhopal. He has 11 years experience in community development in rural areas. During his involvement with Organisations like BASIX, UNIDO, IIRD (Indian Institute Rural Development), Gramodaya Sansthan and Rishi Valley Institutions he has undertaken community based economic development activities like formation of SHGs and JLGs, linking community with MFIs. Currently he is working as a Manager in the FMC and involved in marketing related projects.

Email: ravinder.dwivedi@msmfoundation.org

AMIT KUMAR TYAGI



MANAGER

Mr. Tyagi has 10 years of experience in financial Accounting & Taxation with Chartered Accountants firms, Societies, Trusts & Companies; likely Action for Autism, Janmadhyam, Earthmatters, Hubert Ebner (India) Pvt Ltd, Riverbank Studios, Niti Shree & some Individual Assesses/HUF/firms etc. He is Post Graduate in Commerce, a Graduate in commerce from Bhim Rao Ambedkar College, Delhi University and also Master in Business Administration (Finance) from SMU, New Delhi. He also has a Certificate course in Professional Accounting from Bharatiya Vidya Bhawan, New Delhi. Currently he is handling the finance division of the FMC; his key skills are in the areas of Finance, Accounting and Taxation.

Email: amit.tyagi@msmfoundation.org

ABHIMANYU SINGH BISHT



MANAGER

Abhimanyu Singh Bisht is involved in Cluster Development since April 2010 and has ever since been working in the domain of Innovation Promotion. During this period, he worked in the Information and Communication Technology (ICT) cluster of Delhi-NCR engaging extensively with ICT entrepreneurs of the region.

By education Abhimanyu holds a PGDM (Finance) from Institute of Management Technology, Nagpur. He has around two years of work experience prior to joining FMC during which he was involved in Portfolio and Relationship Management of High Net-worth Individuals and worked at two of India's leading banks.

Email: abhimanyu.bisht@msmfoundation.org

SOURABH GARGAV



MANAGER

Sourabh Gargav possesses 8 years of experience in consulting, research, training and business development. His professional associations span Ranbaxy, Nicholas Piramal, Administrative Staff College of India (ASCI), and Indian School of Business (ISB). He is a science graduate with specialization in Microbiology, Post Graduate in Public Policy, and holds Post Graduate Diploma in Patents Law. His specialization revolves around promotion and management of life sciences innovations through technology transfer/licensing, entrepreneurship development, industry-academia linkages, inter-cluster collaborations etc. He has several research papers to his credit.

Email: sourabh.gargav@msmfoundation.org

VIBHAS MANDAL



MANAGER

Vibhas Mandal is a Post Graduate in Human Resource Management from International Management Institute, New Delhi. He key skills are in the area of Human Resource Development, Training and Development, Recruitment, HR Planning and Employee Engagement. He has been working with FMC for last 1.5 years and has also been involved in organizational development and strategic planning for the organization. Prior to FMC he has worked for four years in Training and Education industry in the area of training, counselling, mentoring and coaching.

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SAGNIK LAHIRI



MANAGER

Sagnik Lahiri has an experience of 5 years in the area of cluster development with a special focus and interest in micro enterprises and rural economic development. He is currently working as Cell Head for SUTRA, a marketing company for artisanal products, incubated by Foundation. He has undertaken various action-research and policy research type of projects. He is also been involved as trainer and provided training to the international participants from various Government officials, representative of Industry and cluster based organizations and also to the various national Cluster Development Executives.

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SUSHMIT ANAND



MANAGER

Mr. Anand is a management graduate from KsOU. After working for eight years in banking sector within several departments in different companies like ICICI Ltd, ING Vysya Life Insurance and ABN Amro Bank decided to pursue his career in the field where he had keen interest and hence he joined the FMC team and is currently working in the area of Energy and Environment, Possibilities of CDM in micro and small sectors and is promoting Innovation and Business Responsibilities in Foundry Clusters.

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NEETU GOEL

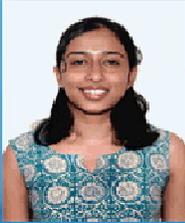


MANAGER

Ms. Goel is a Management Graduate from Institute of Marketing and Management, New Delhi and graduate in BA Hons (Economics) from University of Delhi. She has an experience of more than 3 years in field of Cluster Development with more focus in the areas like Energy and Business Responsibility. Her key skill area is research and currently involved in co-coordinating different projects in FMC. She has co-authored and presented different papers at National level forums.

Email: neetu.goel@msmfoundation.org

ANGELINE SANGEETHA



MANAGER

Ms. Suresh is an Engineering graduate in the department of Electronics and Instrumentation from Karunya University. She holds a Diploma in Embedded Electronics Design. She is also an on-line free lance writer with the website academia-research.com.
Email: sangeetha.suresh@msmfoundation.org

TATHEER ZAIDI



MANAGER

Mr. Zaidi is a Management Graduate from IGNOU and also done his Masters in Chemistry from Aligarh Muslim University. He is having a total professional experience of almost 8 years. He has worked with UNICEF at different challenging districts of Uttar Pradesh for 3.5 years. During his tenure of UNICEF, he closely worked with Govt officials as well as representatives of International Agencies like WHO, Rotary & CORE. He has also worked with Moradabad Metal Industry for 3 years and managed the CSR activities. He is the head of Business Responsibility Cell of FMC and coordinating all the projects/ activities of FMC in BR domain. He is representing FMC at different CSR conferences organized at Delhi and outside.
Email: tatheer.zaidi@msmfoundation.org

SATYVIR SINGH



MANAGER

Mr. Singh is Graduate in Sociology from Osmaniya University and got a Certificate course in Cluster Development from EDI. He had coordinated number of projects in Poverty Alleviation, DPIP Rajasthan, CDD Watson by UNICEF, Cluster Development Executive SFURTI Programme by Khadi & Village Industries Commission, and Women Empowerment Programs in Mewat Development Agency. He has 12 years of experience in NGO field.
Email: satyvir.singh@msmfoundation.org

DEBNIRMALYA GANGOPADHYAY



MANAGER

Dr. Gangopadhyay has a Ph.D. degree in Sericulture from the University of Mysore. He is having 8 years of research experience in the field of Rural Development (weaker section of the society). He has worked with National Institute of Science Technology and Development Studies (CSIR), New Delhi as a Fellow Scientist and as a Senior Research Fellow at Central Silk Board. He has authored several articles in the journal of national and international repute and spoken at conferences on various topics. His research interest includes rural development through promotion and development of micro-enterprises in India.
Email: deb.ganguly@msmfoundation.org

RAHUL BHALLA



ASSOCIATE

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SATISH KUMAR



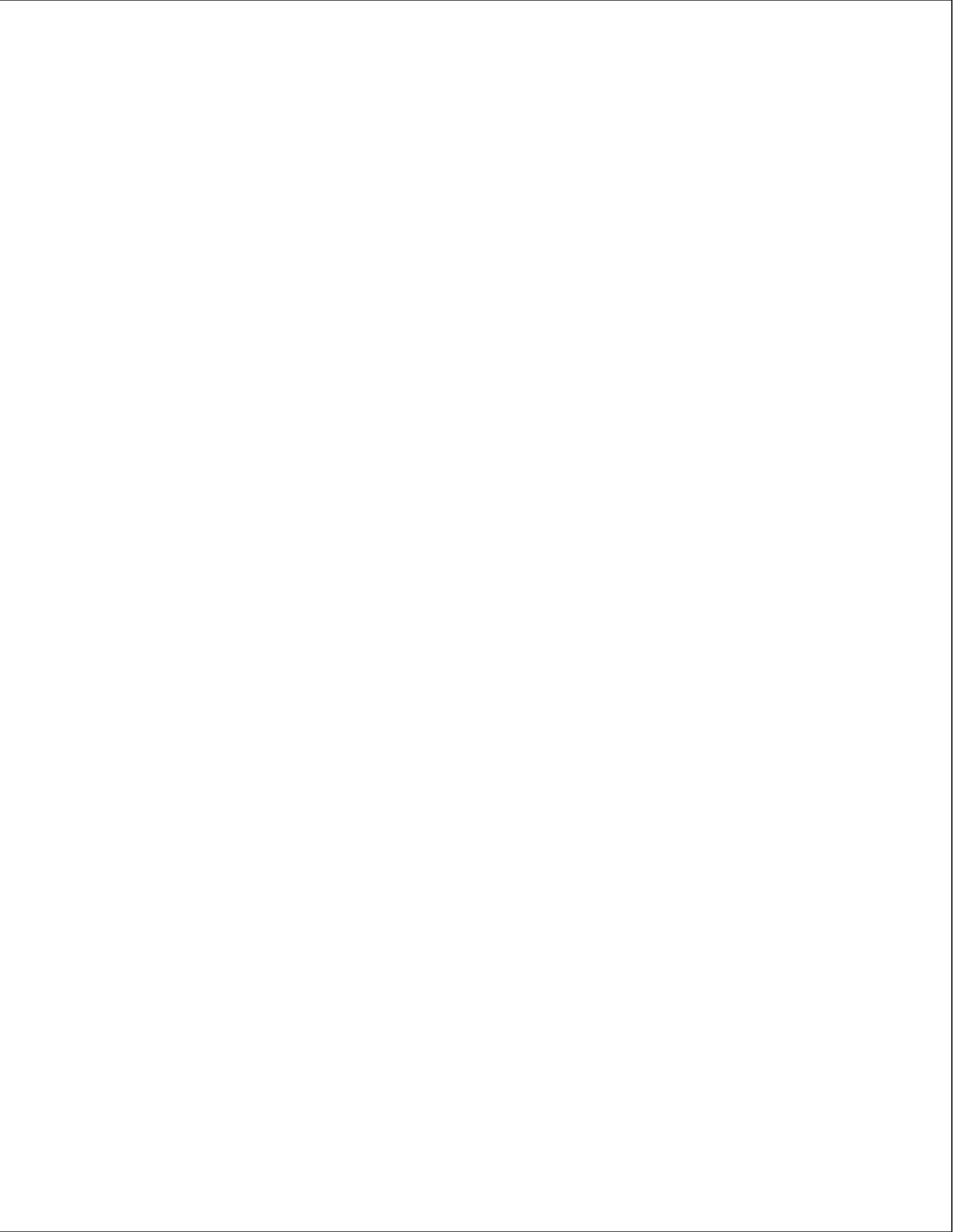
SUPPORT STAFF

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Analysis of Business &



Financial Performance



6

Analysis of Business and financial performance

6.1 Financial Performance for the financial year 2011-12

FMC achieved a turnover of Rs. 60.2 million during the financial year 2011-12. This is 32% more than the turnover of Rs. 45.6 million in the previous financial year 2010-11. During the year 2011-12 the FMC generated a surplus of Rs. 6.8 million compared with Rs. 3.6 million during the previous financial year 2010-11. The surplus generated is 11% of the turnover compared to 7.8% for the previous year.

Financial Operations of the FMC during the last 3 years (Rupees in Millions)

	2009-10	2010-11	2011-12
Gross Turnover	38.3	45.6	60.2
Percentage Increase over previous year turnover	30%	19%	32%
Surplus generated	6.1	3.6	6.8
Surplus as % of turnover	15.9%	7.8%	11%

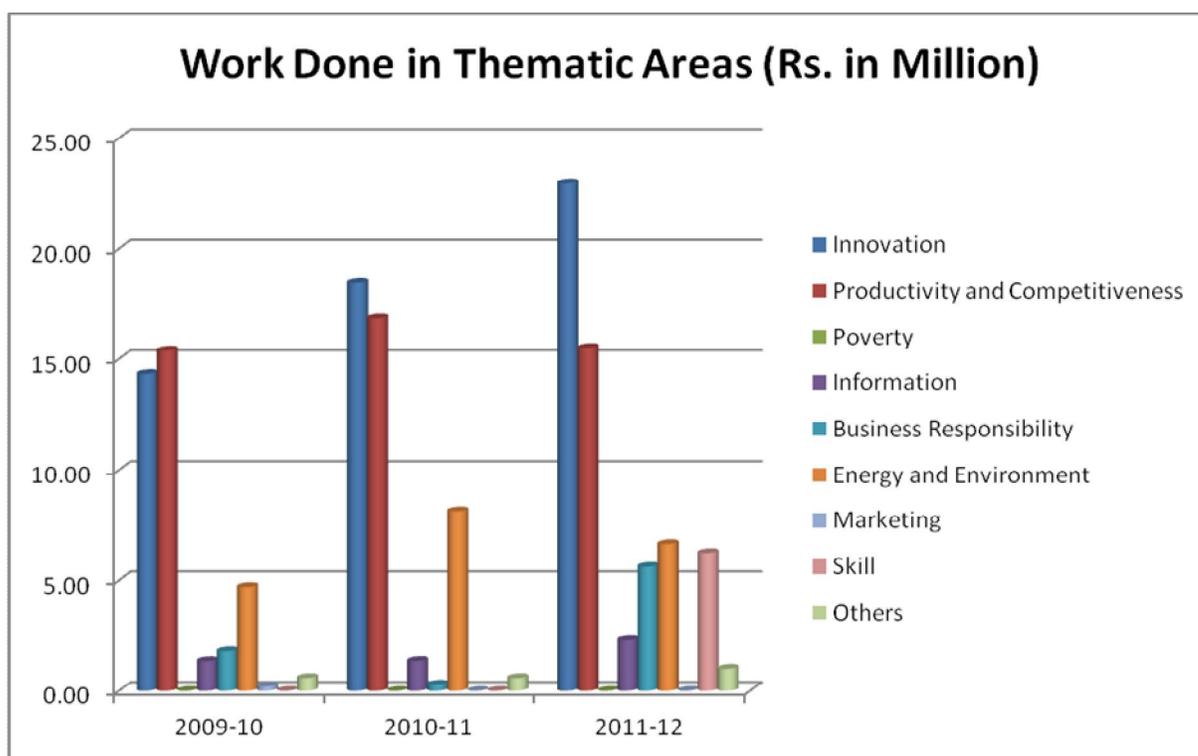
The FMC's turnover of Rs. 60.2 million is against the target of Rs.63.1 million. This is 95% of the target. The FMC has continuously generated surplus leading to an accumulated reserve surplus net of taxes of Rs. 19.3 million up to end March 31, 2011. Accumulated reserves have grown by 29% over the previous year when it was Rs. 14.9 million net of taxes.

6.2 Analysis of business across thematic areas

During the financial year 2011-12 the thematic areas of innovation and 'productivity & competitiveness' remained dominant out of the 9 thematic areas, as in the previous year. The assignments executed in the area of Innovation were worth Rs.22.94 million while the figure for productivity and competitiveness was Rs.15.50 million. These two thematic areas constitute 64% of the total turnover of the FMC. The work in business responsibility area has increased significantly from Rs.0.28 million last year to Rs.5.60 million this year and constitute 9% of the total turnover.

The work in the area of energy and environment however, was less at Rs. 6.63 million as compared to previous financial year at Rs. 8.12 million. However, there has been no assignment on thematic area of poverty, marketing and finance during the year under review. Composition of gross turnover spread over various themes is given below.

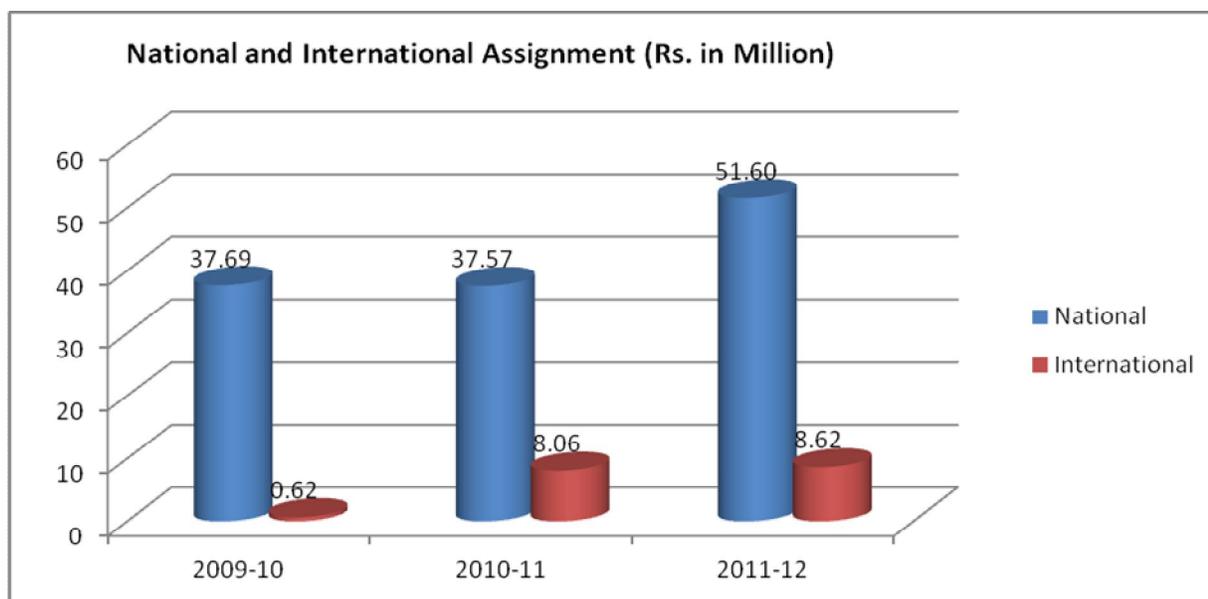
Work Done in Thematic Areas (Rs. Million)			
	2009-10	2010-11	2011-12
Innovation	14.32	18.46	22.94
Productivity and Competitiveness	15.27	16.84	15.50
Poverty	0.11	-	-
Information	1.34	1.35	2.33
Business Responsibility	1.79	0.28	5.60
Energy and Environment	4.70	8.12	6.63
Marketing	0.20	-	-
Skill			6.22
Others	0.58	0.58	1.00
Total	38.31	45.63	60.22



6.3 Analysis of Assignments undertaken at the National and International level

During the financial year, the total worth of national assignments was Rs.51.60 million compared with Rs.37.57 million in the previous year. The international assignments increased from Rs.8.06 million in the previous year to Rs.8.62 million in the year under review. The national assignments were 86% of the total turnover whereas international assignment constituted 14% of the total turnover. The mix of national and international assignments fits well with the intended strategy to continue focussing nationally.

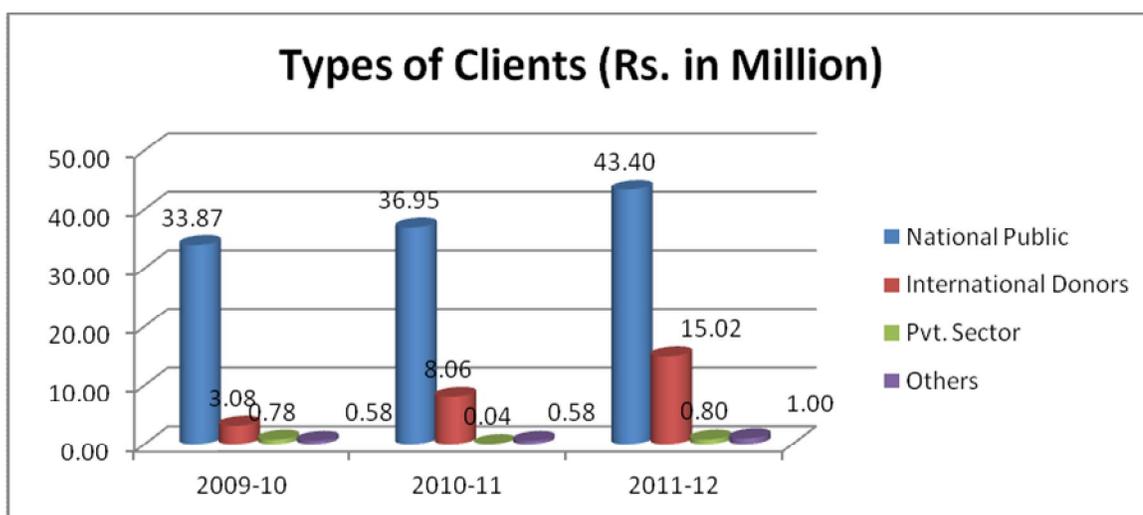
National and International Assignments (Rs. in millions)			
Year	2009-10	2010-11	2011-12
National	37.69	37.57	51.60
International	0.62	8.06	8.62
Total	38.31	45.63	60.22



6.4 Analysis of operations as per type of clients

The assignments from national public institutions dominated the work of this year also. This is mainly due to the assignments from Small Industries Development Bank of India (SIDBI) and Ministry of Science & Technology, Govt. of India. The assignments from national public institutions increased from Rs. 36.95 million in the previous year to Rs. 43.40 million this financial year which is an increase Rs. 6.45 million. This in percentage term is an increase of 11% over the previous year and accounts for a total of 72% of the total turnover of the FMC. Assignments from international donors almost doubled from Rs.8.06 million in the previous to Rs.15.02 million this year. In terms of percentage the international donor assignments in the previous year constituted at 18% of the turnover compared with 25% this financial year. The work from private institutions was to the tune of Rs.0.80 million as compared with Rs. 0.04 million in the previous year.

Type of Clients (Rs. in millions)			
	2009-10	2010-11	2011-12
National Public	33.87	36.95	43.40
International Donors	3.08	8.06	15.02
Pvt. Sector	0.78	0.04	0.80
Others	0.58	0.58	1.00
Total	38.31	45.63	60.22





Major Action Areas, Outcomes & Their Impact





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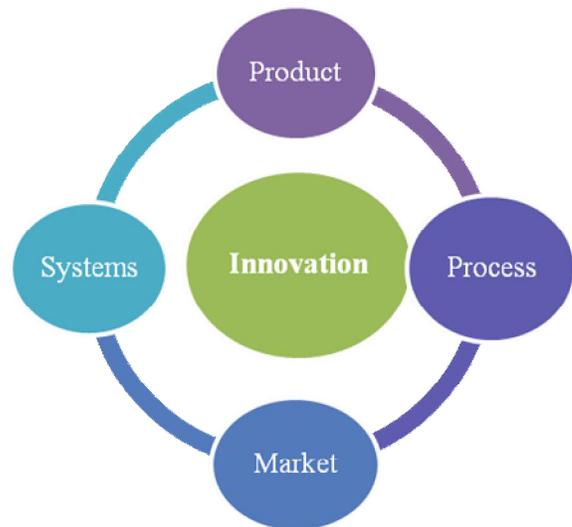
Major action areas, outcome and their impact

7.1 Promoting Innovative Clusters in India

Name of the Agency awarding the assignment	National Science and Technology Entrepreneurship Development Board (NSTEDB), Department of Science & Technology, Government of India
Project Duration	3 years
Cost of the Project	Rs.78.86 million
Overall Project Objectives	<ul style="list-style-type: none"> • To promote innovation and creativity in clusters to help MSMEs achieve higher growth. • To develop innovation model(s) for MSMEs cognizant of the Indian reality. • To formulate a road map and develop capacities of institutions for promoting Innovative clusters in India

7.1.1 Traditional foundry sector clusters

Project interventions were initiated in May 2008 at Samalkha foundry cluster that were quite successful. Since April 2009 the initiatives were expanded to cover the nearby clusters of Kaithal, Narwana and Faridabad. Together these clusters comprise around 250 foundry units out of the estimated 1350 foundry units in the entire North India.



During the year under, the cluster enterprises focussed on developing new products that included modifying existing chaff cutters to modern safe and elegant machine that can be dismantled for easy transportation. To attain this level it was vital to bring about a cultural change. Since the project is coming to an end the focus was also to work on sustainability and strengthening of the associations for active engagement in actions like new product development, common marketing of product, setting up common facility centre for solid waste utilization, technology up-gradation etc.

4 different areas were identified for intervention in foundries which can be placed under different innovative ideas:

Innovations	Areas
Systems	Technology up-gradation
Product	Developing new products
Process	New Processes
Market	New markets and marketing systems

Activities undertaken in 2011-2012

- ❖ Upgraded 16 single blast cupolas to Divided Blast Cupolas (DBC) and in 13 other units good manufacturing practices has been introduced.
- ❖ A feasibility study undertaken revealed that there are low returns for enterprises if they decide to undertake carbon bundling under Clean Development Mechanism and therefore unviable for them.



Outputs

- ❖ The project has led to the savings of 4,400 tons of coke every year with monetary savings of Rs 5.28 crores per annum approximately.
- ❖ New models designed for chaff cutters, oil cover and corn roaster.
- ❖ 8 sample machines developed, every machine tested thereafter for 18 hours and found fit to market.



- ❖ Oil cover - 5 new oil covers of steel developed for existing chaff cutters and tested
- ❖ Corn - Prototype of corn roaster developed and shared in the cluster



Bricks Development

- ❖ Paver block bricks developed using solid waste generated (slag) in the foundry units.
- ❖ Strength and quality of paver blocks tested in approved test labs.
- ❖ Commercial production of 6,500 bricks undertaken by a private enterprise and successfully used in house and externally marketed with competitive prices.
- ❖ Developed a common jaw crusher and magnetic separator for brick making plant.
- ❖ This activity up-scaled in Faridabad and Kaithal clusters
- ❖ One model unit set up in the Samalkha chaff cutter cluster and Kaithal foundry cluster



7.1.2 Information and Communication Technology (ICT) Cluster of Delhi-NCR

Key Result Areas for the year 2011-12 in ICT Cluster of Delhi-NCR

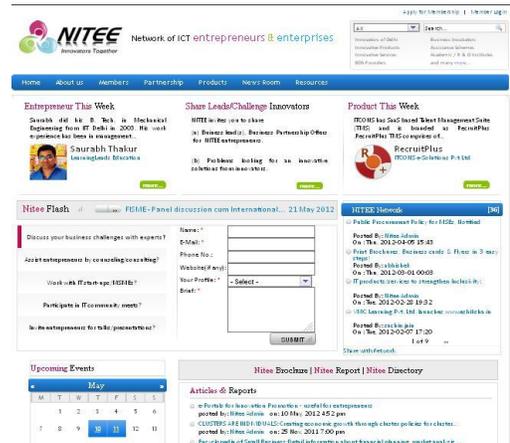
During year 2011-12, last year of the project, main focus was to strengthen NITEE and cluster portal www.nitee.org, to institutionalise the nodal knowledge and business development facility (Cluster Innovation Centre) with adequate human resource with private and donor partners, to try and establish mechanism(s) for sales and market development of ICT products/services.

NITEE internal operations and management structure were supported to build their exposure and capacities on planning to implementation of various initiatives. It was helped in organising its first annual general body meeting, release of annual report and accounts, governing body elections, action plan preparation and participation of its manager and office bearers (President and Secretary) in training program under

business membership organisations(BMOs) capacity building program by GIZ, DC-MSME, EDI.

Cluster Portal of Stakeholders

Improved network portal ww.nitee.org was launched in November with profiles of all NITEE members and of their products/services. Features like lead generation, job-partnership offers, sharing of articles, success stories, event calendar and information broadcasting through social media integration were enabled.



Institutionalising Innovation Counsellors (i.e. industry persons, experts)

A 6-9 months long business coaching program for growth of entrepreneurs involving faculty experts, growth consultants and domain experts leading to connection to funding sources could not be institutionalised as a program, however; individual modules were tested and experts were connected to entrepreneurs in mentoring under 'Meet the Growth Counsellor initiatives'.

More than 25 entrepreneurs had benefitted with one to one counselling sessions with the growth/sales consultants.

Two group training were imparted to 'in revenue' entrepreneurs on business planning and modelling by faculty experts and corporate trainers mentors enterprises gain from among estimated 10 mentors/counsellors

20 strategic business developments service Providers are members of NITEE. These and other resource persons provided counselling to ICT entrepreneurs who often seek counselling on legal, HR, IP, Sales and business development, PR, accounting and content creation aspects etc.

Sponsorship Proposals for NITEE

Anchor partnership i.e. corporate sponsorship for NITEE –CIC sponsorship has been roped in. Execution awaits space approval.

Knowledge Partnership i.e. Sponsorship proposals for regular learning workshops submitted to 3 private partners. Discussions with one are ongoing.

Above two were actively conceptualised and supported under the project being long term and to related institutionalising the cluster level innovation governance mechanism.



Individual event/initiative specific sponsorships e.g. for NITEE directory, NCR IT Expo etc are to be sought by NITEE secretariat itself as when these will be organised.

NCR IT-Innovation Expo

NCR-IT Innovations Expo was successfully organised.

25 solutions showcased, 120 invited visitors and 50 NITEE members spent the day together.

Event was planned on buyer-seller meet format and the occasion was used to release the NITEE directory of 65 members with their profiles and contact details.



The event enabled project team and the entrepreneurs to prepare marketing material and use such platforms to engage target audience. For more than half of the participants it was the first business promotion event.

7.1.3 Modern knowledge intensive Life Science clusters of Hyderabad and Ahmedabad

During 2011-2012, FMC sharpened the reach of its activities in the life sciences clusters of Ahmedabad and Hyderabad, where a few activities were undertaken exclusively at the cluster level, others were designed and executed by collaborating with local, national and international stakeholders. All activities and initiatives undertaken during 2011-2012 were knitted around 15 major issues and challenges, which were identified to

implement the overall project. Accordingly, during the reporting year, nine major activities, inter alia, were conceptualized, planned and implemented covering wide target candidates and stakeholders.

Hyderabad Life Science Cluster

Total four major activities were undertaken in Hyderabad life sciences cluster during 2011-2012, as follows:

1) Institute-Industry Innovation Cell – an initiative to bridge the gulf between academia and life sciences industry

A pilot scale initiative was conceptualized to bridge the gap between Andhra Pradesh based pharmacy institutions and pharmaceutical industry. It was decided to set up institution industry interface cells and facilitate them to become model of academia industry linkages for the clusters. The Cells were programmed to work exclusively with industry and undertake mutually beneficial collaborative R&D projects. A joint initiative was taken with two pharmacy colleges, viz., Tegaala Ram Reddy College of Pharmacy (TRRCP) and Vishnu Institute for Pharmaceutical Education & Research (VIPER). FMC extended its support in the conceptualization and establishment of Institute-Industry Innovation Cells (IIIC).



In their first year of establishment itself, both IIICs have bagged total 14 live collaborative R&D projects in the areas of pharmacology, pharmaceuticals, NDDS and F-R&D, which were undertaken by more than 50 post graduate students, 20 undergraduate students, and six faculty members.

2) A Local System of Identification, Recognition, and Celebration of Innovations: Innovation Awards for MSMEs 2011



FMC initiated a state level “Innovation Awards for MSMEs” as a platform to unearth, reward, and celebrate innovations (both product and process) carried by micro, small, and medium size enterprises which operate in drugs, pharmaceutical, and biopharmaceutical sectors. For the purpose, FMC collaborated with the Government of Andhra Pradesh, Bulk Drugs Manufacturers Association (BDMA), and Pharmaceuticals Export Promotion Council (Pharmexcil). The Award Program was guided and led by the Steering committee. The initiative followed the systematic methodology to select the top

two winners. Total 16 applications were received in the very first year, which stand high even if proportionately compared with the similar national



level Award Programs being organized by large organizations. Awards program unearthed 14 innovations (those selected for the final round) carried out by local MSMEs.

3) Tech Transfer 2012 – An Inorganic Approach to Innovations

Tech Transfer 2012 was organized by FMC with its 10 national and international partners as one of the India's biggest technology transfer platform for MSMEs in life science sector. Tech Transfer 2012 had systematically been undertaken in 6 phases, viz. Mass level Technology Demand Survey, Partnership with National and International Agencies, Institutions and Organizations; Technology Scouting from national and international sources; Technology Screening based on MSMEs requirements; Technology Transfer Shows, and; Follow-up and Transfer of Technologies. To bring pragmatism and globalism in the platform, FMC partnered with the IKP Knowledge Park (IKP) and other national and international technology transfer facilitators. The platform witnessed more than 180 participants from across different sections of life science sector. 55 expressions of interest were generated by industry and entrepreneurs for about 90 technologies. 20 Technology negotiations have been in progress, whereas, others are at infancy stage.



4) Lack of Commercial Orientation among Technocrats/Inventors – All India Business Plan Competition “Metamorphosis” 2012

All India Business Plan Competition named as “Metamorphosis” 2012 was organized for the second consecutive year in partnership with the Indian School of Business (ISB) and the IKP Knowledge Park (IKP). Against nine technologies that were involved last year, 19 technologies were involved in the 2nd version. Total 18 teams from the top B-schools registered for the competition. Around 70 B-school students were given opportunity to apply their business acumen on contemporary technologies. 12 inventors received full-



fledged business plans, which would substantially help

them to translate their respective inventions into innovations. The partners - IKP and ISB - garnered experience about the 'know-how' and 'do-how' of such competition. The said experience is expected to institutionalize the activity in the post PIC phase. IKP has expressed its excitement and expressed its interest to take Metamorphosis forward on a wider and broader scale. This intricately paves the way for institutionalization of the activity in the cluster.

Ahmedabad Life Science Cluster

Initiatives in Ahmedabad cluster were driven by the need to address challenges of - Lack of ideas to identify areas for innovation, lack of enabling conditions to foster life-science based entrepreneurship, lack of enabling conditions for handholding of start-ups, lack of innovation management tool-kit, absence of motivation models to encourage innovation in fresh minds etc. In furtherance to the aforementioned issues/problems and while building upon the activities initiated in the year 2009-10, the project targeted upon the following interventions in the year 2011-12:



1) Promotion of Idea Bank: Facility for Preservation of Molecular Diversity (FPMD)

Facility for Preservation of Molecular Diversity (FPMD)¹ was established in 2009 at the Department of Chemistry, Saurashtra University and supported by FMC. The objective was to create a repository of large molecular diversity and then, facilitate them to be in mainstream drug discovery process. During the year, 750 more and new molecules were collected, 440 molecules were tested and validated, and 100 were sold to institutions and industry for drug discovery, besides five MoUs were signed with different universities/organization for testing and one MoU for procurement. Additionally, online system for viewing of molecules was also made functional.

2) Creating excitement among prospective Biotechnopreneur through Biotechnopreneur Camps

After the success in 2011, Gujarat State Bio-Technology Mission (GSBTM), Gujarat Venture Finance Limited (GVFL) and FMC along with



¹ For further details, please visit www.chemdive.com

SkyQuest Technologies organized Biotechnopreneur™ Camps² 2012 at five cities of Gujarat. Total 769 participants, including entrepreneurs, Govt. officials, student fraternity, academicians, professionals, researchers etc participated in the camps. 10 candidates made techno-commercial presentation of their innovative projects. Nine successful entrepreneurs narrated their journey as a bio-technopreneur and gave insights to the participants. As a major success, six innovators were identified and subsequently facilitated to get linked up with TePP outreach Centre, Ahmedabad. The six innovators were also linked up with– Xaviers Incubation Centre - a technology incubation centre.

3) Innovation Management Tool-Kit: Biotechnopreneur™ Program

Biotechnopreneur™ Program (BTP)³ got instituted in 2011, as a collaborative endeavour of FMC, GSBTM and Entrepreneurship Development Institute of India (EDII), Ahmedabad. The program has been supported by GSBTM and FMC, and run by EDII. The program is meant to train individuals, who aspire to become Biotechnopreneurs. BTP was conceptualized as a multidisciplinary life science and business course offered on weekend. The 10 month program trained 16 participants, who were taken through phases of identification, grounding and execution of technology based entrepreneurship. Two participants were facilitated to in-license CSIR technologies at commercially viable proposition. Another participant was facilitated to apply for TePP. Two participants inked agreement with IKP for two technologies. With an objective to encourage and support entrepreneurial plans of the participants, three projects were selected and awarded with Rs. 1 lac each. A documentary film⁴ was developed too.



4) Fostering Innovation by Creating Motivation Model for M. Pharm Fraternity: Rajnibhai V. Patel Best M. Pharm. Thesis Competition



To encourage innovative thinking amongst students pursuing their Masters, “Rajnibhai V. Patel Best M. Pharm. Thesis Competition”⁵ was organized with Troikaa Pharma, at pan Indian level. The program received an overwhelming participation from Colleges / Universities from across the country. 288 colleges throughout the country were sensitized,

² For further details, please visit http://www.biotechnopreneur.in/read_more1.htm

³ For further details, please visit www.biopreneur.in

⁴ To watch the BTP' 12 film, please visit <http://www.youtube.com/watch?v=S6e5sSZhLwM>

⁵ For further details, please visit www.innovativethesisaward.org

out of which 78 colleges actively participated in the program. This led to submission of 113 abstracts from across India. Jury screened the top two Projects in all five subjects of pharmaceutical sciences.



5) Motivation Model for Next-Generation Medical Device Innovations: Sushruta Innovation Award



To encourage fresh talent and promote creativity and innovation in the medical device industry, Sushruta Innovation Award was implemented in 2010-11 (SLT SIA'12)⁶ with Sahajanand Laser Technology Ltd. (SLT) and National Biomedical Engineering Society (NBES) at all India level. Total 125 entries (including 21 from Gujarat) were received from 33 colleges. Out of these, 29 projects (including 7 from Gujarat) were selected by a panel of jury, out of which, 13 projects (including 3 from Gujarat Category) were selected and supported up to Rs.40,000 for prototype development with the continuous mentoring and monitoring by the experts. Selected 13 groups were exhibited in Medical Fair 2012 organized by Messe Dusseldorf India at Mumbai on 2-4 March 2012. This served as a noticeable exposure to the community of young innovators. Johnson & Johnson – world's leading biomedical device manufacturing corporation – showed interest in three projects.

7.1.4 Development of a strategic framework

1) Guide Book- Promoting Innovation in Clusters

The main objective of the book is to provide a concise overview of methods and tools required for promoting innovation in clusters. It will act as a road map by offering a practical approach and a conceptual framework for using the methodology while implementing the project. Although the book does not provide a definite set of instructions, it outlines key instruments and offers cases of good practices and lesson learnt from them. The final document will be in the form of an e-book, and will be disseminated thereafter.

2) Video Documentation- DST PIC project

The FMC has documented 3 different versions of films catering to different set of audiences. The longer film for about 30 minutes will be for the implementing agencies to meet their training needs while the other two films with shorter duration will cater to the requirements of policy makers and international audience.

⁶ For further details, please visit www.biomedociety.com

3) Case studies and EPR

Case studies mentioning the various success stories and relevant learning of the project for all the three sectors will be prepared and incorporated in the EPR. The number of cases will be as mentioned below: (a) ICT- 11, (b) Pharma- 9 and (c) Foundry- 9

7.1.5 Cluster Observatory portal

The Cluster Observatory (www.clusterobservatory.in) portal created under the PIC project from the Department of Science and Technology is proving a very useful source of information on clusters. On an average it is attracting more than 500 hit rate every month. The portal has been strengthened during the year and now contains cluster profiles of 438 industrial clusters, 612 handicraft clusters and 137 handloom clusters.

An innovative way to get the information and find out clusters of various typologies, sectors and product has been provided through a clickable geographical cluster map of India. FMC is getting regular enquiries across the globe through the portal to know more about the clusters and, information and documentation about clusters.

A Project of Foundation for MSME Clusters Supported by: Department of Science and Technology Select Language

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Cluster Observatory

Compendium of cluster resources for undertaking cluster initiatives

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7.2. Promoting business responsibility among MSME clusters in India

Name of the Agency awarding the assignment	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), a German Development Organisation
Project Duration	1 year
Cost of the Project	Rs 6.6 million
Overall Project Objectives	To foster inclusivity and responsible businesses among MSME clusters in India.

The first component of the project was for finalisation, publication and dissemination of cluster specific methodology title "Fostering Responsible Behaviour of MSMEs in clusters. The documents for fostering business responsible behaviour in MSME had been completed. The methodology was drafted for (i) Policy makers (ii) Implementing Agencies and (iii) Cluster Development Agents. Under the project 14 case studies on fostering responsible business in MSMEs in clusters were prepared. The project concluded in December, 2011.

The second component of the project of GIZ was to pilot and demonstrate business responsibility inculcation at cluster level among foundry units in select foundry clusters of Samalkha, Faridabad and Kaithal (all in Haryana) on how technology, processes and collective initiatives like plantation, health camps and in-house cleaning can lead to improved business responsibility outcomes. Under the project firstly economic activities were identified which could provide economic benefits to the foundry owners, social benefit for the workers and clean environment for the local community.



Thereafter, the melting technology up-gradation and improving cupola operational practices was continued in foundry clusters. Divided Blast Cupola (DBC) was upgraded in 22 units and 29 units had adopted better cupola operational practices leading to coke savings. Work on improvement in house-keeping activities was undertaken in the year 2010-11 by 19 units in three clusters where 8-10 tons of scrap was recovered in each unit. The cash for the scrap recovered was reinvested in activities like installing mechanised charger, purchasing trolleys and installing eco-friendly ventilators. Mechanised chargers were installed in 14 units in the three clusters. This has reduced labour drudgery. So far, the workers of 45 units in the three clusters are covered through the health camps organized in the clusters. Along with this, many units have reconstructed toilets and provided other hygiene facilities to the workers. After the analysing the health camp ergonomic training was provided in 2 units in Samalkha. Based on the suggestions of the industrial hygienist, many unit owners have provided personal protective equipment (PPEs) to the workmen and they had been advised on the methods

of proper sitting. Some workers in each unit were trained on first aid and the necessary medicines are kept in the foundries. More than 1,000 trees were also planted.



Associations of all the three clusters have been registered and their offices have been set up.

In order to strengthen the local ecosystem, training sessions are regularly conducted for the owners, supervisors and fabricators in the clusters. Common purchase of raw materials was undertaken in Samalkha, Faridabad and Kaithal.

Full time executive has been hired by the three associations. Total savings of more than Rs 1 crore was done in the clusters through common purchase and income of around Rs 5 lakhs was generated in the three associations which paved the way for their sustainability.

Outcomes and Impact

Demonstration of business case for responsible behaviour has led to self replication in the clusters where industry associations have started playing catalytic role in propagating it further.

Introduction of new mechanised processes have led to reduction in labour drudgery and less labour turnover and better employee-employer relationship.

Associations in all the three clusters have registered and their office have become functional. They are now working actively for solution of the problems confronting the cluster.

Viewing the success in the three clusters, the learning's from the project will now be replicated in 4 more foundry clusters of Ludhiana-Jalandhar, Batala in Punjab and Jaipur in Rajasthan and Howrah and West Bengal through the project co-funded by European Union.

7.3 Support to Project Management Division (PMD) of SIDBI to monitor, evaluate and provide strategic direction to Business Development Services (BDS) implementation in 19 clusters

Name of the Agency awarding the assignment	Small Industries Development Bank of India
Project Duration:	2.5 years
Cost of the Project	Rs.34.9 million
Overall Project Objectives	<ul style="list-style-type: none"> • To improve access of MSMEs to finance • Improvement of BDS facilitation & promotion of BDS in clusters • Fostering MSME growth, competitiveness and employment creation • Support to Project Management Division (PMD) of SIDBI to monitor, evaluate and provide strategic direction to Business Development Services (BDS) implementation in 18 clusters

FMC did a 2.5 year Project of monitoring, evaluation and more importantly providing technical guidance to seven facilitating agencies (FAs) that were involved in implementing BDS led CDP in 19 clusters under the Project. This dual role of 'M&E' and 'technical guidance' necessitated that FMC creates a trust level with the various FAs not only through verbal communication, but also through useful inputs. In this process, the FAs saw the FMC more as a technical guidance agency and made the process of M&E that much easier and acceptable. This basic thought process was kept alive throughout the project implementation period. SIDBI-PMD also played an important role by guiding and vetting all such developments throughout the process.

Technical guidance during implementation was provided through continuous interaction, monthly visits, half-yearly learn shops and mid-term reviews organized by FMC for all FAs for all clusters. Various tools created during this period included preparation of BDS lead diagnostic study, cluster log frame, action plans for 3 years with different strategies, who does who pays (WDWP) matrix, MOU with association/institution, formation of cluster coordination committee (CCC), launch event, strategy for BMO formation/ strengthening/ capacity building, voucher cost guidelines, procurement norms, BDSP panels, ranking of implementing agencies (ABC analysis), EPR, etc.

The Project created a cadre of 80 Cluster Development Programme (CDP) implementers and underlined some very important lessons with respect to implementation techniques as well as for policy, with the latter providing some clear pointers for future CDPs. Firstly, complexity and challenges of coverage desires a full time CDA team – CDA, NDA and technical expert; at the field level to deliver meaningfully. Also it is better to concentrate on thematic areas rather than working on multiple themes. It is very important to have an in-built M&E system to have better results and balanced project growth. SIDBI experiment shows that approximately 7%

(unconfirmed discussions) of total Project cost goes for such rigorous monitoring. For that matter it is important to create a competitive condition to choose the appropriate agencies and then give them targets. Fund is also required for soft activities and also for hiring of such agencies. The very nature of flexibility and quick decisions make public sector agencies a poor medium for implementing CDP at the field level. Of course SIDBI is a viable route for promoting CDP as an overall implementing agency and can implement the same with the support of private sector agencies which are capacitated.

7.4 Other Projects

Assignment awarding Agency	United Nations Industrial Development Organization (UNIDO)
Assignment: 1	<p>Edible oil and value chain enhancement – Uganda</p> <p>Provided support to the project 'Development and application of a new technical assistance product "One village-Industrial Cluster" (OVIC) as a vehicle for economic growth and poverty reduction' and edible oil value chain enhancement.</p> <ul style="list-style-type: none"> Periodically reviewed the action plans and provided feedback for their improvement  <ul style="list-style-type: none"> Provided distant coaching to the CDAs to support action plan implementation, advise on relevant expertise and on the establishment of inter-institutional linkages Liaised with UNIDO staff and consultants in order to provide inputs for the formulation of the OVIC methodology <p>Duration of the project: 12 month from December 2010 The assignment has been completed</p>
Project cost (Rs. millions)	2.03
Place	Uganda

Assignment awarding Agency	United Nations Industrial Development Organization (UNIDO)
Assignment: 2	<p>UNIDO Twinning (Chennai)</p> <p>To prepare a document on Twinning project titled "Review of Twinning Project and Methodological Lessons Learnt".</p> <p>Duration of the project: November 2011 to February 2012.</p>
Project cost (Rs. millions)	0.6
Place	Chennai

Assignment awarding Agency	United Nations Industrial Development Organization (UNIDO)- Department of Trade & Industry (DTI)
Assignment: 3	<p>Training Programme at South Africa</p> <p>As per the assignment from United Nations Industrial Development Organization (UNIDO), Vienna, the Foundation for MSME Clusters (FMC) organized training of trainers program for the</p>  <p>officials of The Department of Trade and Industry (DTI) in Johannesburg during 27th June 2011 to 1st July 2011 and two more training programs during the project. The programs focused on promotion of emerging agro-processing clusters in South Africa adopting cluster development approach.</p> <p>Duration of the project: March 2011 to December 2011</p>
Project cost (Rs. millions)	2.9
Place	Johannesburg, South Africa

Assignment awarding Agency	United Nations Industrial Development Organization (UNIDO)
Assignment: 4	<p>Montenegro Training Programme</p> <p>The Foundation for MSME Clusters (FMC) organized a training program for the CDAs of the Institute of Strategic Studies and Prognosis (ISSP), in Podgorica, Montenegro in three phases during October 2011 to February 2012 under the project assigned by the United Nations Industrial Development Organization (UNIDO), Vienna. FMC cluster experts took sessions covering a range of topics on Cluster Development Program (CDP). Prior to the training programme the experts visited units to understand the current status of different clusters in the country. Meetings were held with officials of ISSP, Center for Entrepreneurship and Executive Development (CEED) and UNIDO to finalise the criterion of mapping of clusters in Montenegro.</p> <p>Duration of the project: October 2011 to February 2012</p>
Project cost (Rs. millions)	1.2
Place	Montenegro

Assignment awarding Agency	United Nations Industrial Development Organization (UNIDO-Ethiopia)
Assignment: 5	<p>Development and application of a new technical assistance product “ One Village Industrial Clusters “ as a vehicle for economic growth and poverty reduction</p> <p>Provide support to the project ‘Development and application of a new technical assistance product “One village-Industrial Cluster” as a vehicle for economic growth and poverty reduction’. The objectives were to:</p> <ul style="list-style-type: none"> Periodically review the action plans and provide feedback for their improvement  <ul style="list-style-type: none"> Provide distant coaching to the CDAs to support action plan implementation, advise on relevant expertise and on the establishment of inter-institutional linkages Liaise with UNIDO staff and consultants in order to provide inputs for the formulation of the OVIV methodology <p>Duration of the project: 12 month from December 2010 The assignment has been completed</p>
Project cost (Rs. millions)	1.1
Place	Ethiopia

Assignment awarding Agency	National Institute of Design
Assignment: 6	<p>Design Clinic (Need Assessment Survey)</p> <p>The project is for conducting design awareness programmes, need assessment survey and to organise of design clinic workshop to generate design projects as part of the nation-wide programme of the Ministry of MSME “Design Clinic for MSMEs”.</p> <ul style="list-style-type: none"> Identify the clusters/sectors across the country to be covered under the scheme Identify, coordinate and conduct design clinic workshops through the designers/design houses/design Institutes empanelled with the Design Clinic Scheme.
Project cost (Rs. million)	0.5
Place	India

Assignment awarding Agency	United Nations Industrial Development Organization (UNIDO)
Assignment: 7	<p>South Africa Agri Academy Training programme</p> <p>The assignment given by United Nations Industrial Development Organization (UNIDO), Vienna, the Foundation for MSME Clusters (FMC) organized a 2-week training program for the CDAs, officials of</p>  <p>South African Agriculture Academy (SAAA) and South Africa Agriculture Department in Stellenbosch. Two cluster experts from FMC took sessions and helped the CDAs in preparation of the DSRs. Most of the participants showed their interest to understand the concepts of a good Diagnostic Study Report and action plan preparation. Under the guidance of the cluster experts, the CDAs and the concerned TAs prepared the DSRs in the given format.</p> <p>Duration of the project: December 2011 to February 2012.</p>
Project cost (Rs. millions)	1.2
Place	Stellenbosch, South Africa

Assignment awarding Agency	Deutsche Gesellschaft für Internationale Zusammenarbeit
Assignment: 8	<p>Scaling up Business Responsibility activities</p> <p>The project was to identify the sectors with potential for scaling up the a provision of Business Development Services (BDS) in the Business Responsibility (BR) domain in the light of four of the eight millennium development goals adopted by world leaders in 2000.</p> <p>Duration of the project: November 2011 to March 2012</p>
Project cost (Rs. million)	0.5
Place	India

Assignment awarding Agency	The Entrepreneurship Development Institute of India
Assignment: 9	<p>EDI Training Program</p> <p>Provided training faculty services in various training programs at EDI</p> <p>Duration of the project: December 2011</p>
Project cost (Rs. million)	0.15
Place	Ahmedabad

Assignment awarding Agency	Trinidad & Tobago, West Indies
Assignment: 10	Training Programme in Arthur Lok Jack University Provided the role of Facilitator of the "Capacity Development workshop on Cluster and Value chain development Methodology in Trinidad and Tobago, Arthur Lok Jack Business School Duration of the project: November 2011
Project cost (Rs. million)	0.02
Place	Trinidad & Tobago, West Indies

Assignment awarding Agency	The Entrepreneurship Development Institute of India
Assignment: 11	Evaluation of EDI's CDP and preparation of road map Under the project evaluation of EDI's involvement in cluster development programme is to be done and provide road map. Duration of the project: 15 th February 2012 to 15 th June, 2012
Project cost (Rs. million)	1.00
Place	India

Assignment awarding Agency	CAIRN Energy India Private Limited
Assignment: 12	Skill Mapping in Barmer District Under the project skill mapping of workers of potential MSMEs in the Barmer district and adjoining areas in Rajasthan was undertaken. FMC has identified 26 skills for which competencies of the workers needs to be upgraded. 
Project cost (Rs. million)	0.5
Place	Jaipur

Assignment awarding Agency	Deutsche Gesellschaft für Internationale Zusammenarbeit
Assignment:13	Program Regionale Wirtschaftsentwicklung 'Green Belt' Siem Reap Provinz FMC provided advice and training on the development of Producers' groups and suppliers-traders networks in Siem Reap province. Assessment of existing supply relationships was undertaken between farmers and collectors and between collectors and wholesalers. Strategy and short guidelines for the regional economic development (RED) program, training of RED staff and partner staff was also undertaken. Duration of the project: March to April, 2012
Project cost (Rs. million)	0.45
Place	Cambodia

Assignment awarding Agency	United Nations Industrial Development Organization (UNIDO)
Assignment: 14	Training for conducting DSR and action plan for 2 clusters in North East Organising of training and providing hand holding support for preparation of diagnostic study and action plan for 2 clusters in North East region. Duration of the project: December 2010 to February 2011. The project was extended till 31 August, 2011 and has since been completed.
Project cost (Rs. millions)	0.41
Place	India

Assignment awarding Agency	Govt of West Bengal
Assignment: 15	Training of CDEs & Organizing Preparation of DSR (2010 onwards) Government of West Bengal gave the fourth consecutive assignment of training of Cluster Development Executives for preparation of diagnostic study reports in 19 clusters. Duration of the project: 3 months Starting September 2010 but has been extended and submitted to April 2012.
Project cost (Rs. million)	2.64
Place	West Bengal

Assignment awarding Agency	Institute of Applied Manpower Research
Assignment:16	<p>Employment Intensity of output of Non Agriculture Sector (Planning Commission) (IAMR)</p> <p>The Institute of Applied Manpower and Research assigned a study to FMC to identify macro as well as micro factors that are found critical for jobless growth in clusters.</p>  <p>Duration of the project: March 2012 to June 2012</p>
Project cost (Rs. million)	1.59
Place	India

Assignment awarding Agency	United Nations Development Programme (UNDP)
Assignment: 17	<p>To edit a document on PPCP plan framework and PPCP legal framework document (UNDP)</p> <p>Edit assignment for Public Private Community Partnership (PPCP) Legal framework document, on which FMC had worked earlier.</p> <p>Duration of the project: 1 month from December 2010 to January 2011 but was been extended till May, 2011</p>
Project cost (Rs. million)	0.1
Place	India

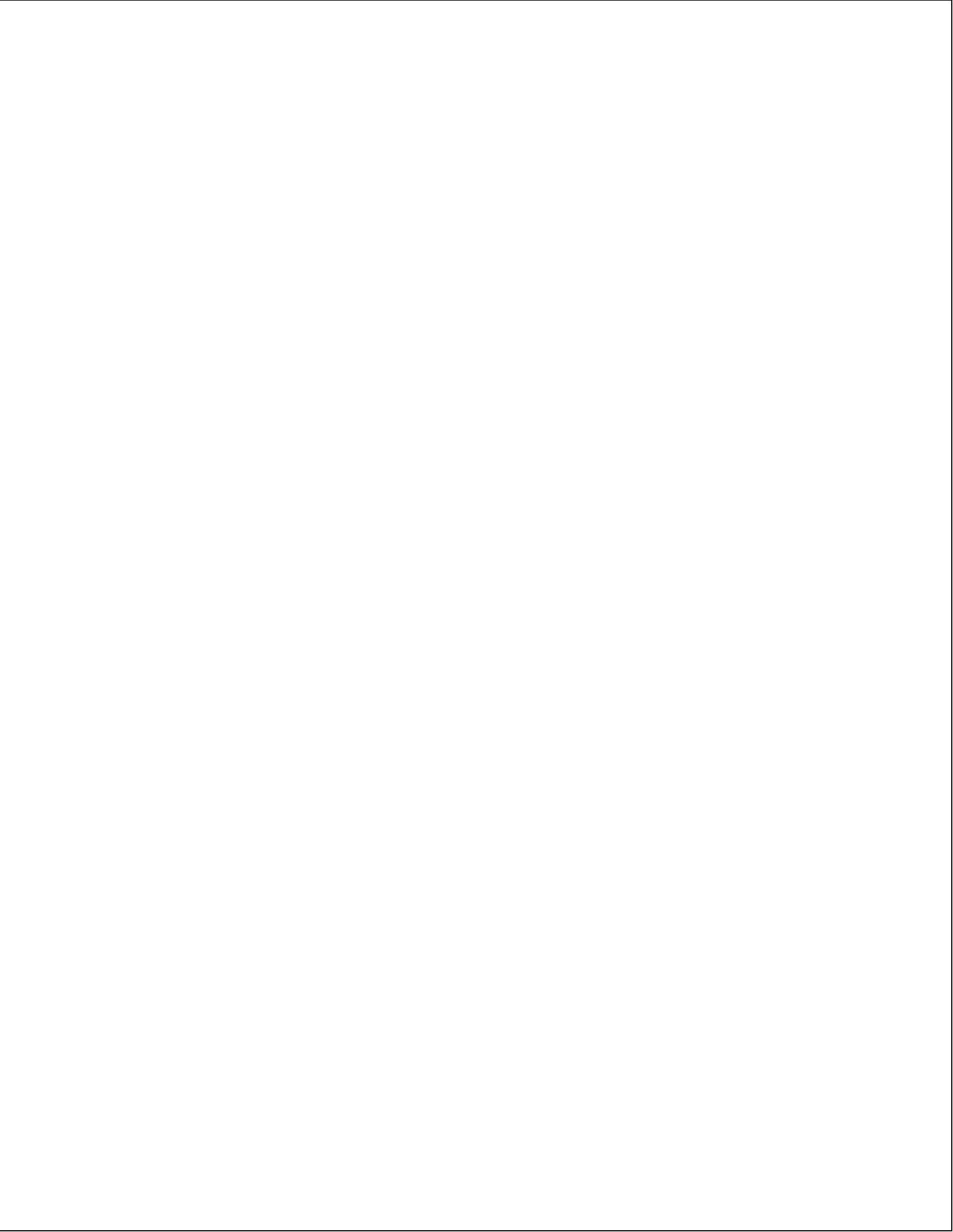
Assignment awarding Agency	United Nations Industrial Development Organization (UNIDO)
Assignment: 18	<p>Support cluster initiatives in Montenegro</p> <p>Training of the trainers for CDAs, feedback on DSRs prepared and participates in policy retreat in Montenegro.</p> <p>Duration of the project: September 2011</p>
Project cost (Rs. million)	0.3
Place	Vienna

Assignment awarding Agency	Directorate of Industries and Commerce, Govt. Of Haryana
Assignment: 19	Conduction of Diagnostic study of Samalkha foundry cluster
Project cost (Rs. million)	0.22
Place	Samalkha

Assignment awarding Agency	United Nations Development Programme (UNDP)
Assignment: 20	UNDP assignment on National Rural Livelihood Mission (NRLM) Prepared a discussion paper & held a roundtable for discussing the draft report as per the NRLM project of the poverty unit of UNDP Duration of the project: November 2011 to February 2012
Project cost (Rs. million)	1.4
Place	India

Assignment awarding Agency	Sri Viswakarma Gold Ornaments Manufacturers Gold Smith Industrial Co-Op Society Ltd
Assignment: 21	Preparation of DPR Prepared Detailed Project Report (DPR) for Common Facility Centre (CFC) in Vijayawada Gold Ornaments Cluster.
Project cost (Rs. million)	0.3
Place	Vijayawada

Assignment awarding Agency	ILO, Ethiopia
Assignment: 22	Exposure Visit of Indian Clusters To provide support for visit of Ethiopian cluster development delegation to Indian Clusters & interaction with policy makers in India. Duration of the project: February 2012
Project cost (Rs. million)	0.1
Place	India





Auditor's Report & Audited Statement of Accounts





8. Auditors' Report and Audited Statement of Accounts for the Financial Year 2011-12



Amrit Paul Singla & Associates

Chartered Accountants

L-38, Vijay Chowk, Laxmi Nagar, Delhi-110092

Phone: 011-22532160
E-mail: apsaca@gmail.com

AUDITORS, REPORT

We have examined the Balance Sheet of FOUNDATION FOR MSME CLUSTERS, USO House, 2nd Floor, USO Road, Off Shaheed Jeet Singh Marg, 6 Special Institutional Area, New Delhi-110067, as at 31st March, 2012 and the Income & Expenditure Account for the year ended on that date which are in agreement with the books of account maintained by the said Trust.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, of significance estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides the reasonable basis for our opinion.

We have obtained all the information/explanations, which to the best of our knowledge and belief were necessary for the purpose of audit. In our opinion, proper books of account have been kept by the Trust.

In our opinion and to the best of our knowledge and according to information and explanation given to us, they said accounts give a true and fair view.

- I. In the case of the Balance sheet, of the affairs of the above named Trust as at 31st March, 2012 and
- II. In the case of Income and Expenditure Account, of the excess of Income over Expenditure for the accounting period ending on 31st March, 2012

For AMRIT PAUL SINGLA & ASSOCIATES
Chartered Accountants
Sd/

Place: **NEW DELHI**
Dated: **15.06.2012**

(AMRIT PAUL SINGLA)
Partner
Membership No.93695



BALANCE SHEET AS ON 31st March 2012

SOURCES OF FUNDS:	SCHEDULE	Current Year	Previous Year
CAPITAL FUND			
Corpus Fund		5,000.00	5,000.00
Reserve Fund	A	19,382,310.25	14,472,611.38
Fixed Assets Fund	B	627,308.00	483,799.00
TOTAL (Rs)		20,014,618.25	14,961,410.38
APPLICATION OF FUNDS:			
FIXED ASSETS	C		
(A) Gross Block		1,480,503.00	1,532,535.00
(B) Less : Depreciation		556,374.00	647,683.00
(C) Net Block		924,129.00	884,852.00
INVESTMENT			
Equity in Sutra Handicrafts Private Limited		1,000,000.00	1,000,000.00
CURRENT ASSETS, LOANS & ADVANCES	D		
(A) Cash & Bank Balance		16,097,852.25	8,813,566.00
(B) Loans & Advance		3,265,046.00	1,697,421.00
(C) Amount Receivable		2,659,279.00	4,071,839.00
		22,022,177.25	14,582,826.00
Less :CURRENT LIABILITIES & PROVISIONS	E		
(A) Liabilities		1,926,787.00	511,267.62
(B) Provisions		2,004,901.00	995,000.00
		3,931,688.00	1,506,267.62
Net Current Assets	D-E	18,090,489.25	13,076,558.38
TOTAL (Rs)		20,014,618.25	14,961,410.38

For FOUNDATION FOR MSME CLUSTERS

MUKESH GULATI
Executive Director

PLACE : NEW DELHI
DATED : 15.06.2012

As per our separate report annexed of even date
For AMRIT PAUL SINGLA & ASSOCIATES
Chartered Accountants
FRN.014199N

AMRIT PAUL SINGLA
Partner
Membership No.93695

PARTICULARS		AMOUNT (Rs)
		31.3.2012
SCHEDULE-A		
RESERVE FUND :		
Balance as per previous Balance Sheet		14,472,611.38
Less : Provision for Income Tax		1,974,901.00
		12,497,710.38
Add: Excess of Income over Expenditure		6,884,599.87
Total (Rs)		19,382,310.25
SCHEDULE-B		
FIXED ASSETS FUND:		
Balance as per previous Balance Sheet		483,799.00
ADD : Fixed Assets purchase from Grant this year		581,405.00
Deferred Govt Grant for Fixed Assets		1,065,204.00
Less : Transferred to Revenue		437,896.00
Total (Rs)		627,308.00
SCHEDULE-D		
CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
Bank balance with a Scheduled Bank (Axis Bank Ltd)		
A/c-357010100007429	478,267.25	
A/c-357010100042291 (FCRA)	61,812.00	
A/c-357010100037800 (DST)	1,371,795.00	1,911,874.25
Fixed Deposits-Axis Bank Ltd		14,185,978.00
Total (Rs)		16,097,852.25
Loans & Advances		
Income tax deducted at source	2,087,834.00	
Security Deposit (Kolkata Office)	34,000.00	
Security Deposit (Ahmedabad Office)	39,000.00	
Security Deposit (Hyderabad Office)	50,000.00	
Receivable from GIZ	33,803.00	
Receivable from Staff Members	45,000.00	
Prepaid Rent (N Delhi Office)	60,000.00	
Imprest Account	64,064.00	
Sutra Haniducarfts Private Limited	836,345.00	
Security Deposit (Photocopier)	15,000.00	3,265,046.00
Amount Receivable :		
Directorate of Industries & Commerce, Haryana	250,000.00	
SVGOMICL, Vijayawada	350,000.00	
GIZ, Jorbagh	743,229.00	
United Nation Industrial Development Organization (UNIDO)	1,316,050.00	2,659,279.00
Total (Rs)		7,836,199.25

SCHEDULE-E		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
DST Grant (unspent balance)	1,371,795.00	
Salary & Consultancy Payable	331,197.00	
TDS Payable 2011-12	37,997.00	
Elite International	185,798.00	1,926,787.00
PROVISIONS		
Provision for Income Tax	1,974,901.00	
Audit fee Payable	30,000.00	2,004,901.00
Total (Rs)		3,931,688.00

For FOUNDATION FOR MSME CLUSTERS

Mukesh Gulati
Executive Director

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING ON 31ST MARCH, 2012

EXPENDITURE	Current Year	Previous Year	INCOME		Current Year	Previous Year
To Legal & Professional fees	232,600.00	94,000.00	By Consultancy Charges		23,995,189.00	16,996,561.00
To Audit Fees	30,000.00	25,000.00	By Miscellaneous Income		69,883.00	11,992.00
To Annual Retreat Meeting Expenses	744,307.00	167,937.00	By GIZ Grant (2010-11)	329,112.00		
To Bank Interest & Charges	161,075.40	219.09	By GIZ Grant (2011-12)	4,270,832.00	4,599,944.00	3,472,863.00
To Board of Trustees' Meeting Expenses	115,989.00	96,600.00				
To Books & Periodicals	27,464.00	35,063.00	By Govt. Grant Received in 2011-12	32,000,000.00		
To Bonus & Rewards	685,484.00	-	Add :Bank Interest adjusted in Grant	252,255.00		
To Repair & Maint.	257,483.00	162,565.00		32,252,255.00		
To Salaries Paid	15,508,605.00	10,366,245.00				
To Consultancy Paid	11,390,481.00	14,150,615.00	Less : Unspent amount (Earmarked for			
To Grant/ Proposal for Innovation	4,440,774.00	3,604,358.00	the year 2012-13)	1,371,795.00		
To EPF Contribution of FMC	923,454.00	-	Less :Grant for Fixed Assets capitalized	581,405.00		
To EPF Processing & Admin Charges	77,084.00	-		30,299,055.00		
To Honorarium	192,500.00	60,000.00	Add : Fixed Asset grant to the extent			
To Membership & Participation fees	56,625.00	149,360.00	recognized as revenue	437,896.00	30,736,951.00	24,565,027.00
To Miscellaneous Expenses	85,785.00	50,518.00				

To Office Expenses	368,705.75	400,457.00	By Interest from Savings Bank Account	35,997.00		577,338.00
To Postage & Courier Expenses	86,022.00	53,046.00	By Interest On Bank Fixed Deposit	781,515.00		
To Printing & Stationery	187,384.00	241,990.00	By Interest from Bank Account (FCRA)	20,538.00	838,050.00	
To Quarterly Review Meeting	334,654.00		By Short & Excess		234.62	
To Office Rent	1,732,291.00	1,550,350.00				
To Community Welfare Expenses	25,921.00	18,200.00				
To Contingency Expenses	1,049,650.50	-				
To Employees' Welfare Expenses	407,849.00	349,908.00				
To Capacity Building Expenses	747,373.00	827,560.00				
To Stipend & Internship Expenses	147,177.00	16,000.00				
To Telephone, Fax & Internet Charges	556,845.28	494,108.91				
To Tours & Travels Expenses	7,108,416.21	5,169,403.00				
To Training & Exposure Visit Expenses	2,079,288.50	1,010,341.00				
To Foreign Exchange Difference	156,133.11	45,703.00				
To Water & Electricity Charges	187,658.00	180,703.00				
To Workshop Expenses	2,426,166.00	1,567,535.00				
To Website Development & Maintenance	35,849.00	254,862.00				

To Unrecoverable balance w/off	208,700.00	196,987.00				
To Depreciation	556,374.00	647,683.00				
To W/off- Fixed Assets	23,484.00	11,212.00				
To Income over Expenditure transferred to Reserve & Surplus	6,884,599.87	3,625,252.00				
TOTAL Rs.	60,240,251.62	45,623,781.00		TOTAL Rs.	60,240,251.62	45,623,781.00

For FOUNDATION FOR MSME CLUSTERS

MUKESH GULATI
Executive Director

PLACE : NEW DELHI
DATED : 15.06.2012

As per our separate report annexed of even date

For AMRIT PAUL SINGLA & ASSOCIATES

Chartered Accountants

FRN.014199N

AMRIT PAUL SINGLA
Partner
Membership No.93695

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2012

(A) SIGNIFICANT ACCOUNTING POLICIES:

- 1) The Trust prepares its accounts under the Historical Cost convention and in accordance with applicable accounting standards in India. For recognition of Income and Expenditure mercantile systems of accounting is followed, except where stated otherwise. The financial statements are based on accrual and going concern basis.
- 2) Revenue Recognition :
 - a. In respect of Project(s), income is recognized on the phase wise completion of project(s) and/or completion of the project(s) as may have been specified in the project(s) contract(s) and invoices raised from time to time accordingly.
 - b. In respect of interest on savings account, income is recognized at the time of credit by the bank,
- 3) Fixed Assets are stated in the books at the historical cost inclusive of all incidentals 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) Accounting Policies not specifically referred to otherwise are consistent with and are in consonance with the generally accepted accounting principles/policies.

(B) NOTES ON ACCOUNTS:

1) OPERATIONS

The year 2011-12 is the 7 (seventh) year of inception for the Trust. The Trust provides services on Micro, Small & Medium Enterprises (MSME) development through cluster based initiatives.

The Services of the Trust were particularly sought during the previous year in the areas of Innovation, Capacity Building, support for BDS programmes, fostering CSR among MSMEs by way of energy reduction.

2) INCOME & EXPENDITURE ACCOUNT

- i. Consolidated Income & Expenditure Account has been prepared for all projects carried on by the Trust in the field of its operations.

-
- 3) Previous year's figures are re-arranged/regrouped wherever necessary to make them comparable with current year's figures.

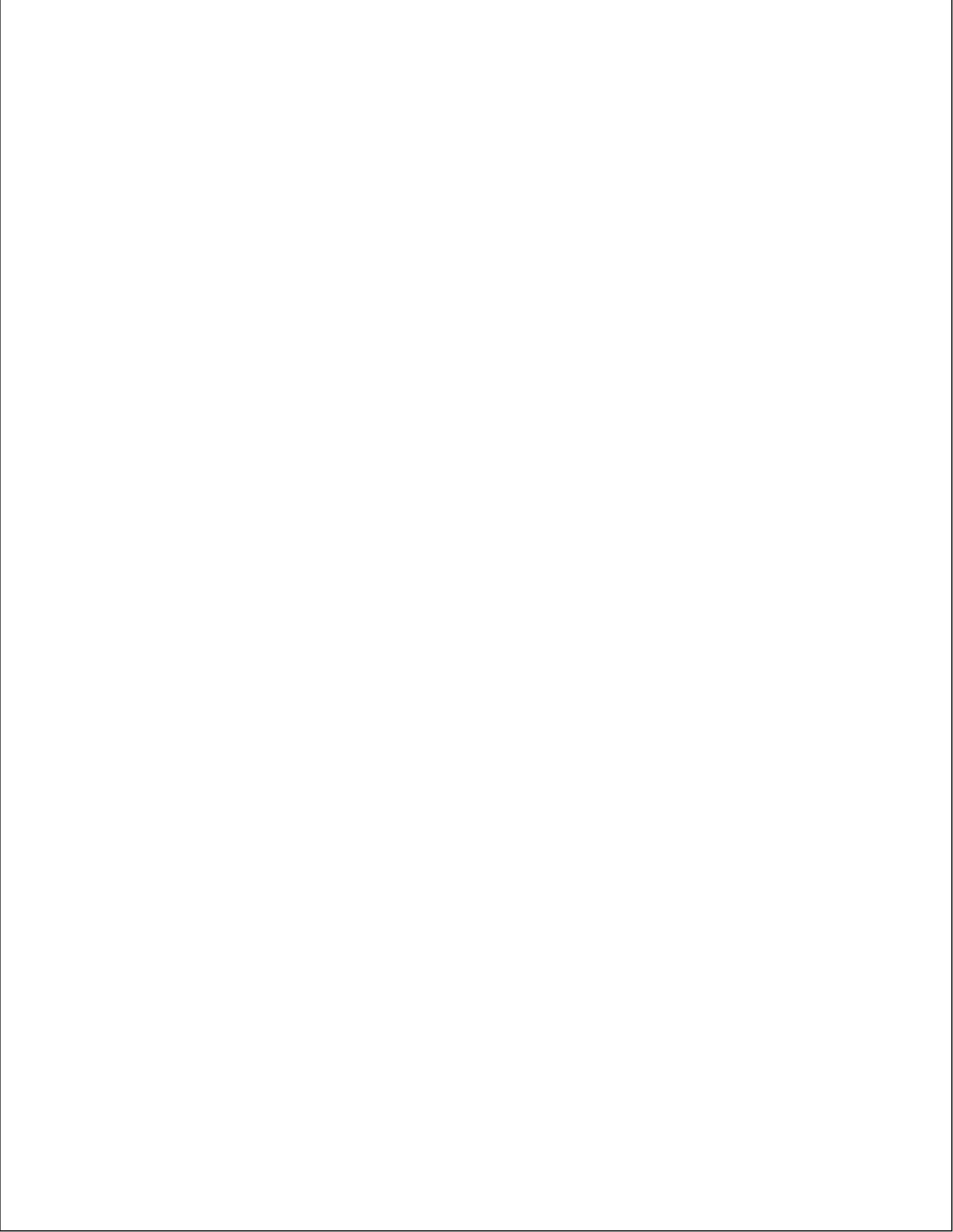
AUDITORS'REPORT

In terms of our Report on Balance-Sheet of even date

For AMRIT PAUL SINGLA & ASSOCIATES
Chartered Accountants
FRN: 014199N

(AMRIT PAUL SINGLA)
Partner
Membership No.93695

Place: **NEW DELHI**
Dated: **15.06.2012**





Foundation for MSME Clusters

USO House, IInd Floor, USO Road, 6 Special Institutional Area,
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