



8th

Annual Report

2012-13



Foundation for MSMEClusters

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CHAIRMAN'S MESSAGE



Prof. Y.K Alagh

Following the slowdown induced by the global financial crisis in 2008-09, the Indian economy responded strongly to fiscal and monetary stimulus and achieved a growth rate of 8.6 per cent and 9.3 per cent respectively in 2009-10 and 2010-11. However, with the economy exhibiting inflationary tendencies, the Reserve Bank of India (RBI) started raising policy rates in March 2010. Decline in expected returns on investment with falling demand and high interest rates, adversely impacted investment, and in the subsequent two years viz. 2011-12 and 2012-13, the growth rate slowed to 6.2 per cent and 5.0 per cent . The reduction in growth expectations is primarily attributable to weakness in industry comprising the mining and quarrying, manufacturing, electricity, gas and water supply, and construction sectors.

In an increasingly open and integrated world economy, competitiveness has become a central preoccupation of both developed and developing countries. It is well understood that sound fiscal and monetary policies, a trusted and efficient legal context, a stable set of democratic institutions, and progress on social conditions greatly contribute to a healthy economy. However, these broader conditions are necessary but not sufficient, providing the opportunity to create wealth but not by themselves creating wealth. Wealth creation is rooted in the sophistication of company strategies and operating practices as well as in the quality of the microeconomic business environment in which a nation's firms compete. Unless there is appropriate improvement at the microeconomic level, macroeconomic, political, legal, and social reforms will not bear full fruit. Successful economic development requires nations to develop the ability to compete in increasingly sophisticated ways to support higher levels of wages and national income.

The growth of MSMEs is recognized worldwide to play a vital role in the present context of rapidly developing technology and fast changing economic environment. The major advantage of the sector is its ability to respond flexibly to demand changes and

employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of the large enterprises. MSMEs constitute over 90% of total enterprises in most economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, MSMEs play a pivotal role in the overall industrial economy of the country. Given their greater resource use efficiency, capacity for employment generation, technological innovation, promoting inter- sectoral linkages, raising exports and developing entrepreneurial skills, MSMEs have an important role to play in the present context. Their locational flexibility is an important advantage in reducing regional imbalances. In view of the MSME sector's role in the economic and social development of the country, the government has emphasized on its growth and development. In recent years the MSME sector has consistently registered higher growth compared to the overall industrial sector. With its dexterity and dynamism, the sector has shown admirable innovativeness and flexibility to survive the recent economic downturn and recession. Available statistics say (4th Census of MSME Sector), this sector employs an estimated 59.7 million persons spread over 26.1 million enterprises. It is estimated that in terms of value, MSME sector accounts for about 45% of the manufacturing output and around 40% of the total export of the country.

We have to ensure that development is not at the cost of environment degradation. The year 2012 may arguably be considered a high water mark in the field of environment and sustainable development initiatives. The global community met at the UN Conference on Sustainable Development that took place in Rio in June 2012, also marking the 20th anniversary of the landmark first Earth Summit held in 1992. The Conference reviewed the progress made, identified implementation gaps, and assessed new and emerging challenges, which resulted in a political outcome called the 'The Future We Want'. In India, the Twelfth Five Year Plan was launched with a focus on sustainable growth. This along with sustainable development policies and programmes which are being followed signaled to citizens at home and the world at large that India is committed to sustainable development with equal emphasis on its three dimensions - social, economic, and environmental. However, the challenges are formidable, especially in the context of finding the matching resources of the required magnitude given the economic conditions. Climate science has rightly taken up an important position in the public debate. The recent draft National Framework Law for the Water Sector is an example of the challenges ahead.

FMC has taken up a project ‘Scaling Up Sustainable Development of MSME Clusters in India’ on behalf of European Union that is being implemented in partnership with GIZ, UNIDO, Global Reporting Initiative (GRI), SIDBI and Indian Institute of Corporate Affairs (IICA). The 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.270 million at current prices.

For FMC it has been a disappointing year in terms of business operations. FMC’s turnover shrank from Rs.60.2 million in the year 2011-12 to Rs.39.2 million this year a contraction of 35% compared to robust growth of 32% the previous year. FMC has suffered a loss of Rs.1.3 million during the year. This is the first year FMC has suffered loss. I hope the situation will take turn for better and the year ahead will bring better results.

The potential future focus areas for cluster work are energy, innovation and BR business case. Enterprises 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.

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. I compliment all the members of staff of FMC who have done well to help the organisation sustain while adhering to the values and mission that we stand for.

Y. K. A lagh

About Us & Our Services



About

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 at the suggestion of the then Ministry of Small Scale Industries, Government of India 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 Howrah (West Bengal), Jaipur (Rajasthan), Hyderabad (Andhra Pradesh), Ludhiana & Phagwara (Punjab).

Vision

An economically progressive, socially connected, environmentally sustainable and spiritually rooted world composed of interconnected yet diverse local social-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 enables the provision of services in the areas of advocacy, 'implementation & coordination', 'training & 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

Specific Services offered by thematic cells of the FMC

The FMC operates and provides the above services through eight thematic Cells. Each cell is headed by a 'Cell Head' and works based on the existing and potential business plans. The cell heads are responsible for generating and executing the business under the guidance of the concerned Directors. The following cells, along with the services offered by them in relation with clusters of enterprises, are shown below:

Table 1: Cells, their services and major clients

| SN | Cell Name | Services Offered |
|----|----------------------------------|--|
| 1 | Technology and Innovation | Enabling Technology Transfer for MSMEs by organising buyer seller meets, Promotion of Science, Technology and Innovation (STI) driven Entrepreneurship eco Development in clusters, Strengthening Industry-Institutions-Govt. Partnerships for technology development/ diffusion and R&D, Policy and Research studies in the area of STI, Capacity Building of BMOs and technical/ academic agencies for STI promotion |
| 2 | Inclusive Marketing | Promoting Entrepreneurship among micro enterprises in clusters through Market led support linkages, Promoting Livelihood of |

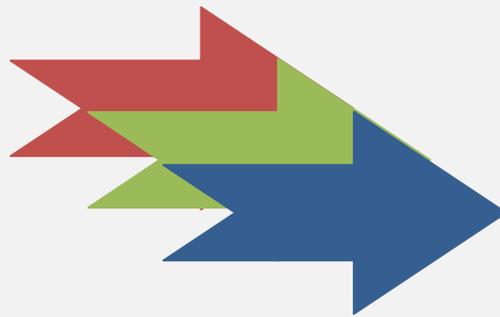
| | | |
|---|---|---|
| | | Micro Enterprises especially for the CSR areas of corporate enterprises, Capacity Building of artisan groups through ToTs and other hand-holding initiatives |
| 3 | Business Responsibility | Livelihood/ Skill development for local area development around CSR areas of corporate enterprises, Supply chain development for large enterprises, Promoting OHS practices among the MSMEs in clusters, Environment/ Waste Management among MSMEs through collective endeavours, Policy & Research in the area of BR, and Social Audit |
| 4 | Infrastructure | Capacity building of appraising agencies & state implementing agencies engaged in infrastructure promotion; Sector wise Value Chain mapping for a select sector for infrastructure based gap filling, Capacity Building of SPVs & BMOs & Service Providers on hard interventions; Infrastructure Development - Creation of CFCs, Parks, IID Projects through DPR preparation, Project Execution (PMC Services) and setting up of infrastructure projects in collaborative ways. |
| 5 | Policy and Research | Undertake MSME related policy Research independently and in collaboration with other specialised policy research institutions, Preparation of Diagnostic study reports & respective action plans for select clusters, Monitoring & Evaluation of cluster projects, Undertake Cluster based Action Research including agriculture & related processing sector, Provision of web based information & inter-linkage services for MSMEs |
| 6 | Training and Capacity Building | Cluster Development Programme for Implementers and Policy Makers, BMO Capacity Building, International Workshop for Cluster Development |
| 7 | Energy and Environment | Energy Savings through cluster based efficiency improvements, Consequentially address environmental issues, Undertake common Energy Production initiatives for meeting energy requirements of the cluster enterprises |
| 8 | Productivity and Competitiveness | Provide technical advisory Support for soft interventions, also called PMD services for select international and national agencies |

The services mentioned in the above cells are provided in the following 3 broad groups

| SI No | Groups | Services |
|-------|----------------------------|--|
| 1 | Policy and Strategy | <ul style="list-style-type: none"> ❖ 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 |

| | | |
|----------|---|---|
| 2 | Training & Institutional Capacity Building for | <ul style="list-style-type: none">❖ Undertake cluster diagnostic studies❖ Provide programme management support❖ Implement cluster initiatives |
| 3 | Implementation & Coordination | <ul style="list-style-type: none">❖ Implementers❖ Trainers❖ Policy Makers❖ BMOs |

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, Central University of Gujarat, & Nagaland University, 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 Dr. Dinesh Awasthi, Director, Entrepreneurship Development Institute of India (EDI), Mr. Anupam Dasgupta, former Secretary, Ministry of MSME, Govt. of India, Mr. Brij Mohan, former Executive Director, SIDBI, Mr. Ajay Sud, Advocate, Dr. Rajnish Karki, Strategist, Organisation Design and Ms. Kalyani Chaudhuri, former Additional Chief Secretary, Govt. of West Bengal. 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, 2013



Prof. Yoginder K Alagh, born on February 14, 1939, Chakwal (India) is currently Chancellor, Central University of Gujarat and Nagaland University, 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 (EDII), 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. 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 33 years in various capacities in Industrial Development Bank of India & SIDBI. Mr. Mohan is the Chairman of Ananya Finance for Inclusive Growth Ltd, as well as Chairman of MicroSave India - a capacity building institution. Mr. Mohan is also the Chairman of RGVN (North East) Microfinance Ltd.

Mr. Mohan is a director on the Boards of Micro Rating International Ltd.



Mr. Anupam Dasgupta joined the Indian Administrative Service in 1970 and after serving for over 36 years with the Government of Maharashtra (GOM) and Government of India (GoI), he retired as Secretary to the GoI 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.

Post-retirement, he worked for 5 years (2007-12) as a Member of the National Consumer Disputes Redressal Commission and wrote several judgments that earned him laurels. While with the Government of Maharashtra he was instrumental in the State adopting (against the backdrop of severely stressed finances) a medium term fiscal reforms programme, providing a strong foundation and a viable roadmap for future economic growth and development.

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. Ajay Sud is Head of Practice, Ajay K. Sud & Associates (Law Firm), Managing Trustee of Centre for International Development Services (Multi-Disciplinary Resource Centre providing client focused holistic solutions to programs and Institutions in the voluntary sector space) formerly Executive Director and Senior Advisor Development Sector Practice, KPMG Advisory Services Private Limited, India.

Ajay has extensive experience of nearly 30 years in the voluntary sector and advises various not-for-profit national and international organisations both in the capacity of Governing Board Member and as Managing Counsel.

Ajay Sud has been a Member of the United Nations Resource Network for implementing Global Fund Grants for Aids, Tuberculosis and Malaria and is closely working with various initiatives in India on public health, livelihoods, education and skill building.



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.



Ms Kalyani Chaudhuri served in the IAS for over 36 years with Govt of West Bengal and Govt of India, retiring as Additional Chief Secretary, Government of West Bengal, Kolkata, where she lives. Apart from extended grass root work in various districts, she has had over a decade of experience in the Departments/Ministries of MSME, Industry and Commerce. She has served as Director in a number of Public Sector Undertakings, Central and State. Ms Chaudhuri has participated in several training programmes abroad in the course of her career, and has represented the country at various trade talks and symposia in Hamburg, Hong Kong, Paris, etc., contributing papers. At present she does voluntary work for some NGOs and occasional free lance writing.



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

The FMC views its Human Resources not just as means to undertake implementation but as bearers of the values, ethos and willingness to contribute to society.

Human resources at different levels/ designations is provided below:

| Levels/ Designation | 2010-11 | 2011-12 | 2012-13 |
|-------------------------------|-----------|-----------|-----------|
| Executive Director & Director | 3 | 3 | 3 |
| General Manager | 4 | 1 | 0 |
| Deputy General Manager | 3 | 4 | 3 |
| Manager | 9 | 12 | 10 |
| Associates | 11 | 6 | 11 |
| Assistants | 0 | 2 | 3 |
| Support Staff | 2 | 2 | 2 |
| Total | 32 | 30 | 32 |

The average age of the FMC members of the staff this year is 34 years. In terms of gender composition, the organisation has a male-female ratio of 4:1. Out of the 6 female staff 5 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 30 in the previous year.

Brief Profile of the FMC Staff



Mr. Mukesh Gulati
Executive Director

Mr. 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 27 years, he has authored several books and publications in the area of SME development to his credit.

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Dr. Tamal Sarkar
Director

Dr. Sarkar is D. Phil in the Economics of Cluster Development. He has 21 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.

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Mr. 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 28 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.

Email: parvinder.pal@msmefoundation.org



Ms. 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 9 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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Mrs. Sukanya Banerjee
Dy. General Manager

Mrs. 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 CI (Confederation of Indian Industries) she has undertaken various research based assignments encompassing areas like WTO, Trade Facilitation and Retail. She has 10 years of work experience in policy related areas.

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Mr. 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 coordinated international assignments and actively involved in preparation of 30 profiles for Government of Qatar, feasibility study on citrus processing in South Africa, visited Montenegro, Europe and South Africa as Faculty for UNIDO organized training programmes on cluster development. He also prepared more than 300 Project Reports for SME Sector submitted to various nationalized banks.



Mr. Ravinder K 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 (Regional Coordinator for Punjab) and is involved in promoting innovation and responsible behavior and in the Foundry Clusters.



Mr. Amit K Tyagi
Manager

Mr. Tyagi has 9 years of experience in financial Accounting & Taxation with Chartered Accountants firms, Societies, Trusts & Companies; like 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 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 Bhartiya Vidya Bhavan, New Delhi. Currently he is handling the finance division of the FMC; his key skills are in the areas of Finance, Accounting and Taxation.

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Mr. Sourabh Gargav
Manager

Mr. Gargav possesses nine 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.

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Mr. Vibhas Mandal
Manager

Mr. Mandal is Post Graduate in Human Resource Management from International Management Institute, New Delhi. His key skills are in the area of Performance Management System (PMS), Training and Development, Organizational Development, Employee Engagement and Recruitment. He is also been involved in the area of Organizational Development, Business Development and Strategic Planning for the organization. He has also coordinated some projects related to MSME development and has been involved in developing the HR policies for start-up organization. Prior to FMC he has worked for four years in Training and Education industry in the area of training, counselling and mentoring.

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Mr. Sagnik Lahiri
Manager

Mr. Lahiri has experience of 6 years in the area of cluster development with a special focus and interest in micro enterprises and rural economic development. 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. He was also involved in the District Primary Education Programme in West Bengal for a short term assignment. He is graduate in Political Science from Calcutta University and pursuing M.Sc. in 'Sustainable Development' from Indian Institute of Environment and Ecology.

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Ms. Neetu Goel
Manager

Ms. Goel is a Management Graduate from Institute of Marketing and Management, New Delhi and did her BA Hons (Economics) from University of Delhi. She has an experience of more than 4 years in field of Cluster Development with 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. Prior she was associated with Federation of Indian Chambers of Commerce and Industry in Tourism division for a short assignment as part of internship. She has also worked with Apple Computers in their sales and demonstration program.

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Mr. 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 seven years. He has worked with UNICEF at different districts of Uttar Pradesh for three and half 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 three 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. He is a regular member of UN Global Compact Network Monthly Meetings. His area of specialization is BR, HR, & Training.

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Mr. Satyvir Singh
Manager

Mr. Singh holds a Masters degree in social work from MMU Maulana University, Ambala and graduate in Sociology from Osmania 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 Programme in Mewat Development Agency. He has 14 years of experience in NGO filed.

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Dr. Debnirmalya
Gangopadhyay
Manager

Dr. Gangopadhyay has a Ph.D. degree in Sericulture from the University of Mysore. He is having 9 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.

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Mr. Manoj Kumar
Manager

Mr. Kumar is a Post Graduate in Computer Application and has 9 years industrial experience in social / economic development where he has been involved in several projects related to MSME cluster development with both National and International Organizations. He has worked in the implementations of Microsoft & NMCC (Ministry of Commerce, Govt. of India) funded ICT project for SMEs of Jamshedpur Automotive Cluster, SIDBI-PMD BDS Market Development Project for SME's of Pharmaceutical Cluster of Indore. He has also worked with MSME-Tool Room & Training Center, Jamshedpur in system administration and associated with different kind of training program. His key skills are in the area of Pharmaceuticals, Engineering and Information and Communication Technology.

Email: manoj.kumar@msmefoundation.org



Mr. Rahul Bhalla
Associate

Mr. Bhalla is involved in the Cluster Observatory and has been part of the project since April 2010. His present role has involved in engaging with the database of clusters in India. Also looking the websites of the organisation. He is, Post Graduate in Information Technology from SMU, New Delhi. He holds the Professional Diploma in Dot Net from NIIT and also in the Web Designing from MIMT. He has total 8 years of experience in Web Development and Designing.

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Mr. Anijit Bhattacharya
Associate

Mr. Bhattacharya is a Post Graduate in Biotechnology from Barkatullah University, Bhopal and science graduate with Zoology honours from Calcutta University. During his seven years career mainly he was involved in sales and marketing job.
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Ms. Sarita Kaul
Associate

Ms. Kaul graduated in Textile Designing (B.Sc) from International Institute of Fashion Design (IIFD), New Delhi. Her key areas are merchandising and customer relationship management.
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Ms. Sakshi Grover
Associate

Ms. Grover has six years of experience in Secretarial and Project Finance field. She is a Management Graduate from Indian Institute of Forest Management and a Company Secretary. Previously she was with Emergent Ventures India Pvt. Ltd, a renowned name in field of Climate Change and Energy. She has a keen interest in wild life and expeditions to nature sites.
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Mr. Arun Tiwari
Associate

Mr. Tiwari is a PGDBM from IISW in Kolkata and has experience of more than 18 years in the area of cluster development. He has been involved in several projects related to cluster development sector and has also worked in the implementation of the cluster Development Programme (CDP) in Malda Khadi Cluster, an initiative of Directorate of SFURTI, Khadi & Village Industries Commission. His key skills are in the area of implementation, DSRs and Action Plan.
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Mr. Archit Sahare
Associate

Mr. Sahare is Engineering Graduate in department of Computer Science Engineering from R.G.P.V University and Post Graduate in Forest Management from Indian Institute of Forest Management (IIFM) Bhopal. During his Post Graduation Diploma in Forest Management, he has completed a project on "Resource mapping for supply chain & value chain of Kannauj based Essential Oil and Attar Industry for Raw Material, energy requirements and by-products utilization" under organization named Flavor and Fragrance Development Center (FFDC) Kannauj.
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Associate

Mr. Tiwari is a Commerce graduate from Delhi University and has pursued his Post Graduation with specialization in Sustainable Development Practices from Birla Institute of Management Technology. During his post Graduation he has undergone, summer training program titled Developing profile and business plan of potential enterprises to be promoted in rural value chain in Jharkhand by Udyogini and winter training program titled Business planning for Patch work products in Sri Ram Foundation, Gurgaon.

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Associate

Mr. Paliwal done his Masters in Social Work from Jamia Millia Islamia, Delhi and holds a Bachelor in Journalism (Mass Communication) from Guru Gobind Singh Indraprastha University, Delhi. Has Worked with organizations like *Ashray Adhikar Abhiyan* and *Casp-Plan* as a part of concurrent field work while pursuing Social Work. Also has done his internship with 'The Asian Age' a daily newspaper and 'National Foundation for India' (NFI).

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Associate

Mr. Prasad has completed Advance Diploma in Foundry Technology from National Institute of Foundry and Forge Technology (NIFFT). He also holds a diploma in Mechanical Engineering from Govt. Polytechnic Ranchi. His key skills are in the area of Foundry Technology, Melting and Casting Technique. Currently he is working in the area of Energy and Environment and Sustainable Development in the Howrah Foundry Cluster. Prior to joining FMCh he has worked in Kores India Ltd as a Trainee Engineer.

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Mr. Sonu Sharma
Assistant

Mr. Sharma is a Post Graduate in Sociology from Jwaji University, Gwalior, Madhya Pradesh. He has done Certificate course in Computers and had experience in working with Idea Telecom Company for 3 years as an Executive Manager. His key skills are in the area of Human Research.

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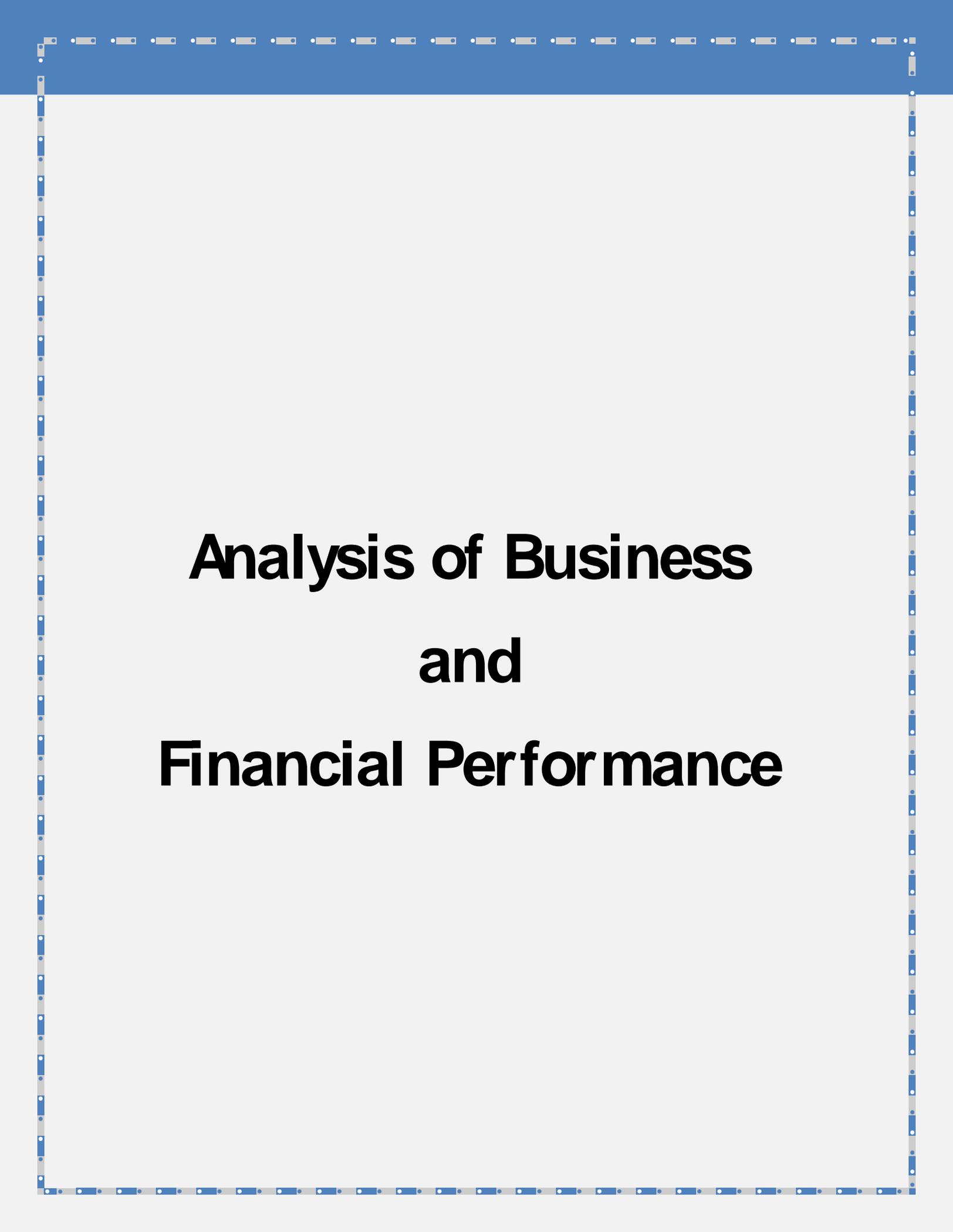
Mr. Ashok Kumar
Support Staff

Mr. Kumar working as Driver cum Office Attendant and is providing support to all the staff members in the organization since its inception



Mr. Satish Kumar
Support Staff

Mr. Kumar working as Junior Office Attendant and is providing support to all the staff members in the organization since its inception



Analysis of Business and Financial Performance

5. Analysis of Business and Financial Performance

5.1 Financial Performance for the financial year 2012-13

The FMC achieved a turnover of Rs. 39.2 million during the financial year 2012-13. This is less by Rs. 21 million when compared to the turnover of Rs. 60.2 million achieved in the previous financial year 2011-12. In percentage terms it is 35% less than the turnover of the previous financial year. During the year 2012-13 the FMC suffered a loss of Rs. 1.3 million compared to a surplus of Rs. 6.8 million generated in the financial year 2011-12.

The main reason for the decrease in turnover is less quantum of assignments on hand. This is mainly because FMC could not generate sufficient new business this year despite significantly larger number of proposals applied and followed up this year. One of the reasons for this is the late finalization of 12th Five Year Plan and significantly less resources made available to the various ministries of government of India thus stifling several organisations of their share of possible resources to undertake development work.

| | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|----------|
| Gross Turnover (In Rs. Million) | 45.6 | 60.2 | 39.2 |
| Percentage Increase over previous year turnover | 19% | 32% | (-) 35% |
| Surplus generated/ loss (In Rs. Million) | 3.6 | 6.8 | (-) 1.3 |
| Surplus/ Loss as % of turnover | 7.8% | 11% | (-) 3.3% |

The FMC's turnover of Rs. 39.2 million is against the target of Rs. 78.6 million. This achievement is 50% of the target. This is the first time that the FMC has incurred loss in its operations. The FMC has an accumulated reserve surplus of Rs. 18.0 million on March 31, 2013. Accumulated reserves have accordingly gone down by Rs. 1.3 million from the previous year when it was Rs. 19.3 million.

5.2 Analysis of business across thematic areas

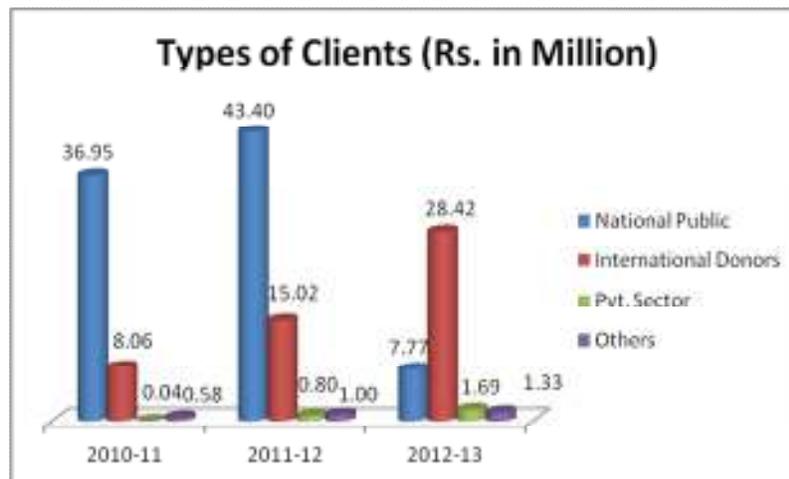
During the financial year 2012-13 the thematic area of 'Energy and Environment' was the most dominant with a turnover of Rs. 21.65 million out of a total turnover of Rs. 39.25 million and constituted 55% percent of the total turnover. In the previous year the operations under this thematic area were of Rs. 6.63 million. The operations under thematic area 'Inclusive Marketing' recorded Rs. 0.64 million turnover compared with no

business under this thematic area during the previous years. Under the thematic area 'Training and Capacity Building' the turnover was of Rs. 4.20 million compared with previous year's operations of Rs. 6.22 million. The operations under the 'Productivity & Competitiveness' was Rs. 3.37 million reduced from Rs. 15.50 million, 'Business Responsibility' at Rs. 0.45 million from Rs. 5.60 million, 'Information' down to Rs.1.82 million from Rs. 2.33 million, 'Innovation' Rs. 5.76 million from Rs. 22.94 million in the previous year.

| Work Done in Thematic Areas (Rs. Million) | | | |
|---|----------------|----------------|----------------|
| | 2010-11 | 2011-12 | 2012-13 |
| Technology and Innovation | 18.46 | 22.94 | 5.76 |
| Productivity and Competitiveness | 16.84 | 15.50 | 3.37 |
| Poverty | 0.00 | 0.00 | 0.00 |
| Information | 1.35 | 2.33 | 1.82 |
| Business Responsibility | 0.28 | 5.60 | 0.45 |
| Energy and Environment | 8.12 | 6.63 | 21.65 |
| Inclusive Marketing | - | - | 0.64 |
| Training and Capacity Building | - | 6.22 | 4.20 |
| Others | 0.58 | 1.00 | 1.36 |
| Total | 45.63 | 60.22 | 39.25 |

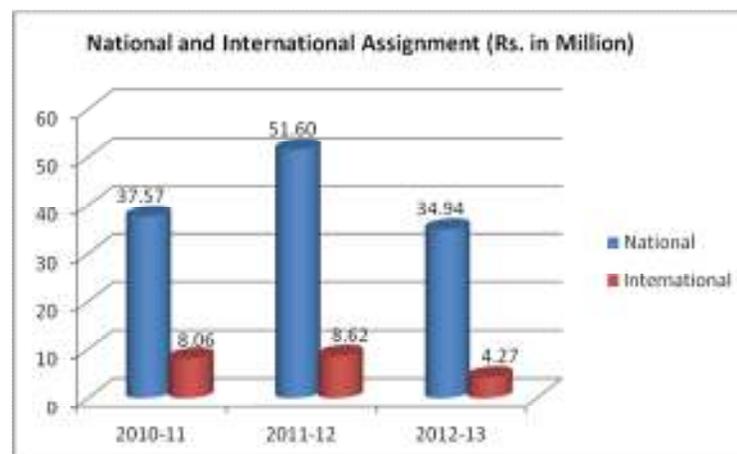
5.3 Analysis of Assignments undertaken at the National and International level

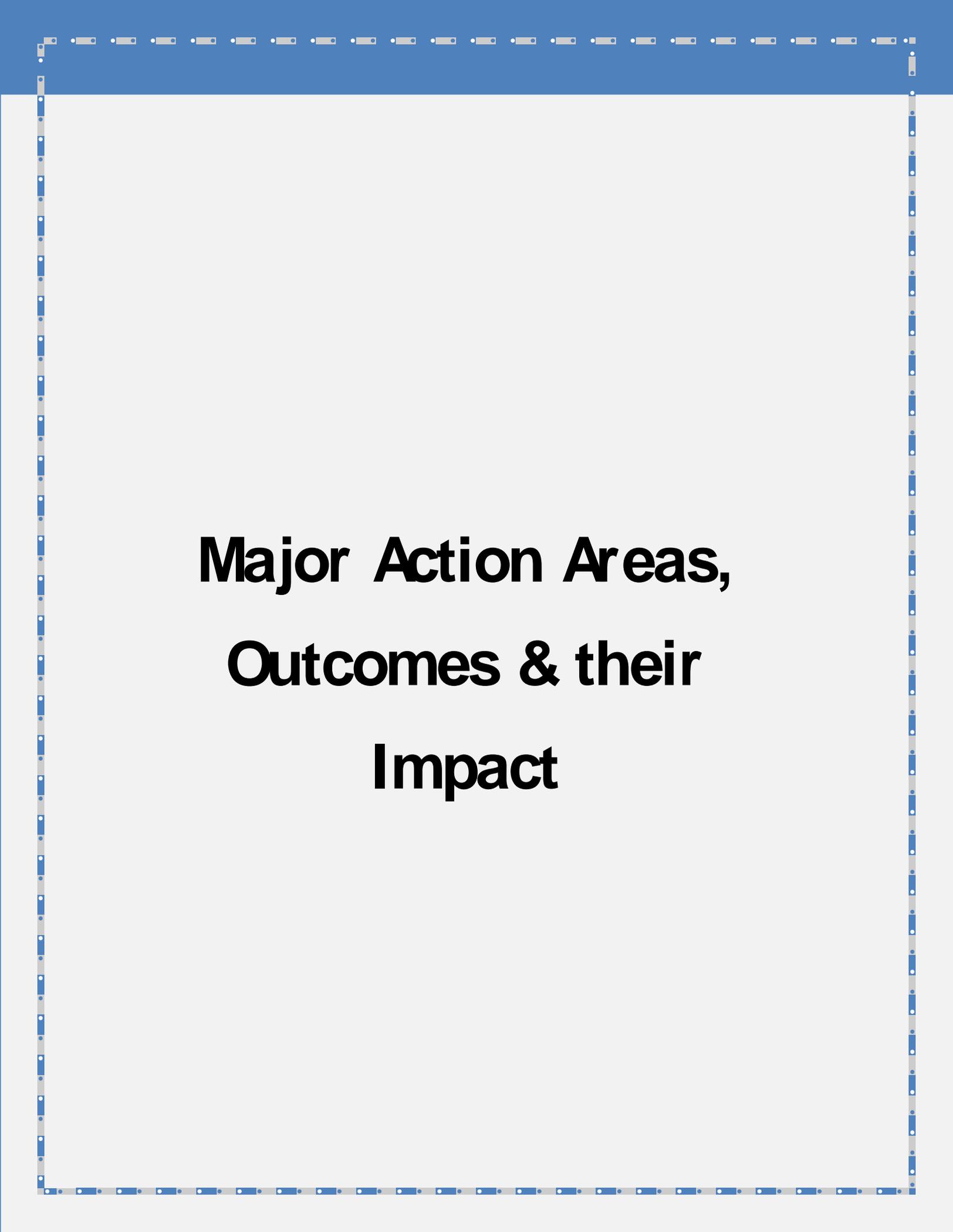
During the financial year, the total worth of 'National' assignments was Rs. 34.98 million compared with Rs. 51.60 million in the previous year. One of the reasons of reduced national assignments is that FMC was expecting an extension of project in the area of innovation but it did not fructify. Another reason for this is less focus by the main cluster development implementing ministries on soft interventions in the cluster development work. The national assignments constituted 89% of the turnover compared with 86% of the turnover in the previous year. Also there was a decline in the 'International' assignments from Rs. 8.62 million in the previous year to Rs. 4.27 million in the year under review. In the previous year the assignments from UNIDO were worth Rs. 7.00 million compared to Rs. 3.2 million in this financial year. The mix of national and international assignments fits well with the intended strategy to continue focussing nationally.



5.4 Analysis of operations as per type of clients

The assignments from 'International Donors' dominated the work of the year under review. The assignments from 'International Donors' were worth Rs. Rs. 28.42 million constituting 72% of the total turnover of Rs. 39.25 million. The assignments from the 'National Public' institutions which had been dominant during the past years was drastically reduced to Rs. 7.78 million from Rs. 43.40 million in the previous year. This is because FMC could not get any big assignment from the main institutions or ministries engaged in the development of MSME sector through implementing cluster development schemes. In the previous year, the Department of Science and Technology and Small Industries Development Bank of India (SIDBI) were the major contributors for national public 'type of clients'. Nevertheless, the extension granted for the project 'Promoting Innovative Clusters in India' by the Department of Science and Technology, contributed significantly in 20% share of 'National Public' assignments. In percentage term it was 72% in the previous year and is 20% in the year under review. The increase of business in the 'International Donor' segment is due to FMC getting the European Union funded assignment on 'Scaling Up Sustainable Development of MSME Clusters'. However, there was an increase in assignments from the 'private sector' during the year under review. The assignments increased from Rs. 0.80 million in the previous year to Rs. 1.69 million this year. Though the assignments are of small nature still these are important since they are coming from different geographical regions and are mainly from associations of enterprises in the clusters.





Major Action Areas, Outcomes & their Impact

6 . Action areas and outcomes

6.1 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 (originally to close by end of March 2012 but extended till 31 st July 2013) |
| 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 |

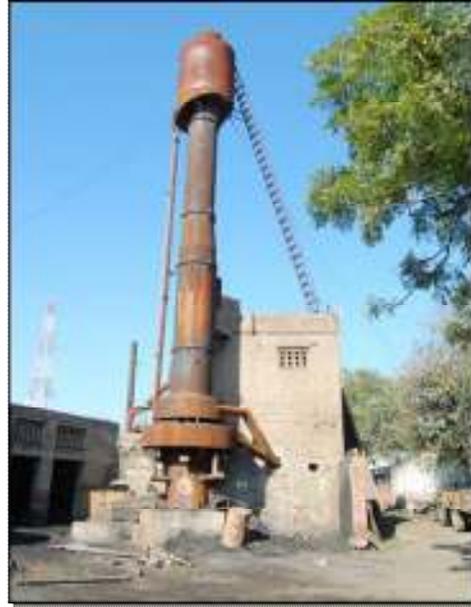
This long term project was supposed to have been completed on 31st March, 2012 but due to certain unavoidable reasons the project got delayed and therefore Department of Science and Technology granted an extension to FMC till 31st July 2012. All activities were completed by the extended date. Following is the summary of activities under the project

Since the choice of clusters ranged from traditional manufacturing to highly knowledge based and service oriented enterprises, the major focus was on the modern (knowledge intensive) industry sectors of Pharmaceuticals (two clusters) and ICT (one cluster). As a result of the various ongoing/ proposed initiatives, several new innovative products were commercialised through direct support and a number of ventures were supported by strengthening of the local eco-system by way of knowledge provisions. The project also aimed to document the process of support and its effect to develop a suitable methodology for supporting innovation in clusters relevant to the Indian socio-economic conditions.

6.1.1 Promoting innovation in foundry clusters: Project interventions were initiated in May 2008 at Samalkha foundry cluster. Based on the success of the initiatives, since April 2009 the initiatives were expanded to cover the nearby clusters of Kaithal and Faridabad. Together these clusters comprise around 250 foundry units out of the estimated 1350 foundry units in the entire North India. Different scholars and practioners have typified innovation according to their own understanding of the concept of innovation, for instance

innovation in product, systems, design, market, brand positioning, organization. Based on these categories four areas were identified

according to the clusters need and interventions made to achieve the objectives. The four areas identified for innovation intervention in foundries were (1) *Development of new products*: New and up-graded designs of chaff cutters, corn roaster, bricks development form waste slag were developed; (2) *Technology Upgradation and Practices*: Conversion to DBC, adoption of better practices, waste recovery; (3) *New Market and Marketing Systems*: Business promotion and generation through new systems like website, association; and (4) *Production system*:



Introduction of match plates, new machines and collective purchases introduced.

6.1.2 Information and Communication Technology (ICT) Cluster at Delhi-NCR

In a traditional manufacturing cluster focus has to be on productivity enhancement through diffusion of technologies, processes, low cost solutions and business models existing within India and abroad. In knowledge intensive clusters the diversity in the products and processes is usually very high, hence innovation has to be promoted through strengthening or fostering linkages between various stakeholders like enterprise to enterprise, enterprise to academia, industry- academia and so on. India requires a range of models both indigenously developed and suitably adopted from developed countries to achieve its societal as well as economic objectives. The interventions under the project were undertaken in Delhi (NCR) and were aimed to:

- ❖ Demonstrate the linkage between innovation outcomes and building up of strong local innovation eco-system in National Capital region based ICT industry cluster.
- ❖ Develop a systematic approach to improve the entrepreneurial cum innovation support system in NCR by linking existing stakeholders within or outside the cluster, addressing the gaps and introducing new stakeholders.

The strategy followed to address the above objectives was to strengthen the existing ones and create new interfaces i.e. formal and informal networks among potential innovators (e.g. aspirant entrepreneurs, inventors, enterprises and institutions in the cluster) and relevant stakeholders within or outside the cluster to facilitate fostering and nurturing of innovations and commercialisation. It was recognized that there is a pertinent need for an

institutional nodal point in the form of a platform which acts as a collective body to address the issues being faced by the ICT entrepreneurs in the region. Thus an association with a full time secretariat was needed. A **Network of ICT Entrepreneurs & Enterprises (NITEE)** was therefore conceptualised and created as registered society with a clearly laid out constitution. The association is being run by its elected 12 member governing body functioning in a democratic manner. It has structured its annual action plan to reach a sustainable stage whereby they have finalized their services and activities which they would focus on, mainly based upon the learning gained from the project activities conducted. NITEE organised most of the interventions during 2010-11 and 2011-12 and enabled appropriate linkages among enterprises and sometimes also with service providers leading to several innovations in the cluster. During the project duration NITEE acted as a focal point and supported all the other interventions in collaboration with FMC and other stakeholders. Soon after NITEE was formed, it took the role of the facilitating agency and the other interventions were initiated either directly by NITEE or in partnership with others.

6.1.3 Ahmedabad and Hyderabad Life Science Clusters

Government of India has increasingly emphasized the need of having technology-rich and innovation-led MSME clusters. A lot of policy initiatives, various recommendations and direct and indirect support from different ministry departments intensify the efforts towards promoting technological advancements and innovations in MSME clusters. Under the project many such efforts were attempted successfully in the last three and half years.

While working with pharmaceuticals MSME clusters of Hyderabad and Ahmedabad, it was observed that pharmaceuticals MSMEs often shy away from undertaking innovation-led strategies, due to various reasons, such as lack of orientation and exposure, capacity, availability of resources, immature innovation ecosystem, and paucity of institutionalized mechanism to promote innovations. MSMEs in clusters have a reasonable flow of ideas. However, conversion of the same into full-fledged innovations requires a systematic process, involvement of appropriate resources, stakeholders, and support. Start-ups are major source of innovations in clusters. However promotion of such start-ups is usually not catered to, even in progressive clusters. Moreover there is paucity of incubators that provide technical and entrepreneurial handholding to such start-ups. After being done with the proof-of-concept stage, start-ups struggle to get financial support to take the concept ahead towards functional prototype to clinical trials and finally to the market. Additionally, start-ups find difficult to get small size manufacturing of samples done, as there are very few professional agencies, which can support limited batch production under Good Manufacturing Practices (GMP) conditions. The major issue is unavailability and

inadequacy of infrastructure required for innovation. Also, start-ups need both technical and financial incubation, a combination, which is not available in incubators.

To cater to this need, FMC conceptualized and executed different activities through application of cluster development methodology. Each activity attempted to promote, facilitate, and foster a specific node of innovation aspect in its own unique way. Based on its background work in 2008, which was to identify and understand innovation promotion among select 10 European and Asian countries with reference to innovation clusters, Enterprise network, focused financial and coordination support for innovations across select clusters. FMC expanded the reach and scope of its initiatives on promoting innovations, entrepreneurship, industry-institute linkages, technology transfer, by roping in multiple national and international stakeholders during 2009-2012. During this period, various major activities against the requirements of the respective clusters were conceptualized, planned and executed in both the clusters namely Hyderabad Life sciences cluster and Ahmedabad (Vadodara & Rajkot included) pharmaceuticals cluster, covering wide range of stakeholders.

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Supported by



Collaborating Partners



Pharmaceuticals Export Promotion Council



Bulk Drug Manufacturers Association



Federation of MSMEs in India

The FMC made exits from the activities it initiated in both the clusters. A Project conclusion workshop was organized in Ahmedabad involving stakeholders of the cluster highlighting key achievements of the project, and need and scope for activities to be taken forward by the cluster stakeholders. In Hyderabad, Award ceremony for the Innovation Awards for MSME Clusters 2011 was organized wherein key innovations carried out by cluster stakeholders were acknowledged, rewarded and propagated. Very useful lessons were drawn during the interventions. Organisation of start-ups in the form of an associations/ smaller networks enabled them to link up various service providers and institutions for business plan formulation. Industry institution linkages were built with at least two academic institutions that helped solve a number of technical and live problems of the industry on self sustainable basis. The project helped build capacities of the institutions to draw up their action plans and link up with industry. Linkages with several service providers were forged locally along with other support institutions, leading to fostering of new ideas and their solutions as well. Recognition of local innovators was enabled through an elaborate system of identifying innovators and screening them through a transparent mechanism instituted by local stakeholders. This helped innovation to be recognised at the cluster level.

6.1.4 Strategic Framework

6.1.4.1 Guide Book- Promoting Innovation in Clusters: There is history of promoting technology upgradation, research & development, reverse engineering etc. in India over the last several decades. Most of these initiatives in the past have either been led by Ministry of Science & Technology and its various departments. During this evolution of various support initiatives through a slew of schemes, programmes and institutions, innovation among clusters with focus on strengthening local systems has been least tried. This project is therefore the first in India that undertook local initiatives across a variety of sectors and

clusters, thus providing new knowledge and learnings which that can be embodied in the form of methodology. With National Innovation Council propagating the concept of innovation clusters it is expected that various other national ministries, state governments, national research institutions, private sector industry associations, academic institutions and NGOs will take up similar initiatives in the near future.

Providing relevant information and knowledge about innovation cluster promotion is therefore necessary. The knowledge in the form of a methodology documents, trainings programmes for co-ordinators, different cases studies, cluster benchmarking and cluster information networks has been developed and being made available to all at the national and regional level. The methodology document is in the form of an e-book- (Guide Book - Promoting Innovation in Clusters), prepared and disseminated.

6.1.4.2. Video Documentation- DST PICproject : The learnings have been captured in audio visual form through 3 different video films catering to different set of audiences:

- Training film for Implementing Agencies: 28 minutes
- Awareness creation and Conceptual Framework film for Policy makers and senior officials of Implementing agencies: 10 minutes
- Promotional film for international audience and policy makers: 5 minutes

6.2 Scaling Up Sustainable Development of MSME Cluster s in India

| | |
|---|--|
| Name of the Agency awarding the assignment | European Union |
| Project Duration | 3.5 years (May 2012 – October 2015) |
| Cost of the Project | Rs. 13.3 million |
| Overall Project Objectives | <ul style="list-style-type: none"> • To enable adoption of Sustainable environmental and Social business practices across select foundry clusters. • To scale up intervention through training of trainers (TOTs) and institutionalization. • To develop and implement voluntary aggregate reporting (AR) framework. • To design, develop and link financial instruments for sustainable production. • To strengthen policy dialogue and dissemination. |

The Project is funded largely by the European Union (80%) and is being implemented and by FMC in the lead along with the Global Reporting Initiative (GRI), Netherlands; Gesellschaft für Internationale Zusammenarbeit (GIZ), a German development organisation; Small Industries Development Bank of India (SIDBI); Indian Institute for Corporate Affairs (IICA) and United Nations Industrial Development Organisation (UNIDO). The project is divided into five work packages

Work package 1 - “Fostering Sustainable Production through Technical and Non-Technical Measures” has a target of adopting energy-efficient practices among 500 target MSMEs within the selected 4 foundry clusters. It is intended to ensure adoption of technological changes in 250 of the targeted 500 MSMEs and improvement in manufacturing (firing) practices among the rest 250 enterprises. Besides this, the package aims at improving working conditions and adoption of Occupation Health and Safety (OHS) systems across 200 MSMEs. The project is going as per the target. Based on the experience gathered so far FMC is going for review of action plan by enhancing the human resources by recruiting technical cluster development agent, one technical institution and incentivisation of the cupola operators for achieving the desired project objectives under this work package..

This initiative is unique in the sense that this initiative builds on several such initiatives by different institutions in the past to scale up adoption of energy efficiency measures to achieve a big impact. Through this initiative alone, it will positively impact 10% of the entire foundry sector of India, among enterprises that had not been supported so far. It is therefore that the technology used, practices and systems adopted by enterprises in these clusters were the among the worst. Similar work needs to be undertaken up in several other sectors in India that are highly energy intensive and small technology improvements can not only lead to improving the economic viability of MSMEs therein but also alleviate the negative consequential environmental impact. The other sectors are textile dyeing, leather, paper & pulp, ceramics, forging & re-rolling mills, sponge iron, brick kilns etc.

Work package 2 - “Building Capacities of Business Membership Organizations (BMOs) for Sustainable Consumption and Production” has a target to strengthen 50 BMOs. This work package was supposed to have been implemented by GIZ. However due to some administrative issues they are now only knowledge partner in the project. FMC has necessary experience in this area and is implementing this work package. GIZ will provide the training of trainers (TOT) material developed by them and FMC will customise the same for training delivery. Under this project, 150 BMOs will be surveyed out of which 50 will be trained and of these 50 BMOs, handholding support will be provided to 25 of them. The work is now progressing as per the plan. This work is also significant due to the need

for strengthening more than 3,000 MSME BMOs spread in India. Very few of them have a secretariat of their own. There is need to develop training material and train institutions through Training of Trainers (TOTs) manuals to continue with this work beyond the project. Ministry of MSME, Govt. of India is also now keen to take this up on a bigger scale. It therefore builds and complements the work initiated earlier by GIZ with support from SEQUA, a partner German institution that has developed such materials along with FMC.

Work package 3 - “Introducing and facilitating Aggregate Sustainability Reporting among Clusters of MSMEs” is being coordinated by GRI based in Amsterdam with a local office in Delhi. Reporting on adoption of sustainability measures by individual bigger companies is well known so as to enhance their public image, report to the various stakeholders to ensure transparency, seek government support and boost positive image among existing or potential customers. However small enterprises often find the concept of measuring and reporting not only cumbersome but also difficult to implement because of lack of training about reporting as also lack of internal recording. Aggregate reporting can be a path breaking initiative with big potential for replication if MSME entrepreneurs find a business case in reporting the adoption of sustainability measures. The project intends to identify willing entrepreneurs, discuss possibilities, draw up a draft methodology for aggregate reporting and then train willing groups of enterprises. The project provides a ground for testing such a methodology in select clusters.

GRI has made one visit each to all three clusters and has come out with a report about the possibilities of adoption of reporting. They have given a plan for selection of units for the purpose of Aggregate Reporting (AR) being piloted for the first time globally. This report has also helped in fine tuning the questionnaire for diagnostic study report for tackling the issues related to energy, environment and social aspects. GRI is communicated to come out with various options for aggregating the units so that units can be appropriately selected by field team to prepare AR. The work is behind schedule but not significantly.

Work package 4 - “Enhancing Access of MSMEs to Credit through Stronger Linkages with Financial Institutions (FIs) and Innovative Financial Products & Delivery Mechanisms” is being led by SIDBI. The SIDBI has agreed to support the preparation of credit mapping study on financial requirements of enterprises, identification of benchmarks for sustainability ratings and assessment of available channels & instruments for credit delivery. The credit mapping study will help identify the quantum of credit gap, reasons and possible ways to address the same at cluster level.

It is well known that there are significant problems both in terms of credit provision, instruments of loan available, and in particular for undertaking energy efficiency measures. Most significantly, the small loans are not available which are important for the foundry

sector enterprises in the project. There is need to come up with alternate financing options such as cash flow based financing instead of collateral based financing which is largely in vogue. Among the 100 foundry enterprises that had undertaken energy efficiency improvement measures in Haryana during May 2008 to July 2012, only 3 of them had taken bank loans. On top of this, the government subsidy schemes from Ministry of MSME, that are credit linked, are also therefore not available to most of the enterprises. The transaction costs involved in getting credit are also perceived to be high by the entrepreneurs. This project intends to come up with at least one new loan product with GIZ and SIDBI.

Work package 5 - “Undertaking Policy Advocacy and Dissemination” was earlier supposed to be implemented by GIZ but now Indian Institute of Corporate Affairs (IICA) under Ministry of Corporate Affairs, Govt. of India will be taking lead technical role in executing this work package. The work package involves policy dialogue at various levels in the thematic areas, Access to MSME Schemes, Aggregate Reporting, Financing of MSMEs for energy efficiency, and reviewing the cluster development methodology for scaling up sustainable production. Considering the diversity of thematic areas, all the partners will contribute to this work package. Experiences will also be shared with various other projects within the EU funded range of projects and other UNIDO projects in different countries. An international workshop on cluster development experiences is also proposed to be organised for the same, with partial support from this project.

The outputs from this work package will help scale up similar initiatives not only in the foundry sector but even beyond since several challenges are same at policy level. This work package will entail some research studies, case study preparation, dialogues with policy makers, organisation of workshops at state & national level besides follow ups thereafter. Most of the activities under this work package were scheduled to be started during year 2 of the project.



Launch Workshop of the Project "Scaling Up Sustainable Development of MSME Clusters in India" (Sitting from Left to right – Mr. Mukesh Gulati, ED, FMC, Dr. Ajay Mathur, DG, Bureau of Energy Efficiency, Prof. Y.K.Alagh, Chairman FMC and Mr. Arno Schaefer, Minister Counsellor Head of Operations Delegation of European Union to India)

A summary status of the overall project cumulatively as on 31st March 2013, as per some of the key indicators is provided in the table below:

| Parameters | Target (Till April 2013) | Achievements (as on March, 2013) |
|--|---------------------------------------|---|
| Setting project based offices in cluster (Number) | 4 | 4 |
| Sensitization workshops (person sensitized) | 8 workshops 450 persons | Workshops: 5 Person sensitized: 280 |
| Diagnostic Study Report (Numbers) | 4 | 3 |
| Cupola change (Numbers) (Divided Blast Cupola/ Better Practice and baseline information) | Cupola:20 Baseline information: 20 | Cupola: 18 Baseline information: 170 |
| Occupational Health & Safety (Baseline and Implementation) (Number of enterprises) | 12 | Request Letters: 12 Baseline informations: 12 Implementation: 6 |
| Cluster Sustainability Business Center (CSBC) identified (numbers) | 4 | 4 |
| Data base of BMOs (Numbers) | 150 | 90 |
| Training of trainers (Number of programmes) | 1 | Done |

| | | |
|---|---|---|
| Developing Aggregate Reporting Methodology | 1 | Ongoing |
| Credit Mapping Study | 1 | Not undertaken, but received approval of funds from SIDBI |
| Communication plan | 1 | 1 |
| Quarterly Partners Meetings | 4 | 4 |

6.3 Other Projects

FMC has executed 27 other projects on various aspects of cluster development. The FMC undertook the following projects largely involving training and capacity building of Cluster Development Agents in India and in Montenegro (Europe), Ethiopia (Africa) and Trinidad & Tobago (Caribbean), Bukina Faso (West Africa), training of officials of BMOs in India and training for preparation of Diagnostic Study Reports (DSR) and Detailed Project Reports (DPR), . Though the cost of these projects is not high but these projects have provided visibility and strengthened the competency of the organisation to undertake such assignments globally. These projects help achieve the FMC's mission by directly contributing to capacity building of various institutions for undertaking similar initiatives thereafter.

| Assignment 1 | |
|---|--|
| Agency | Project Name |
| GLZ India | BMO Capacity Building |
| About the Project | |
| <p>Capacitated 25 BMOs through development of action plan and linked them with at least one government scheme and introduced an income generating activity</p> <p>Around 102 BMOs had been surveyed of which 25 BMOs selected for handholding support. Action plan was created by 20 BMOs, around 12 BMOs were linked to schematic support, income generating activities were initiated or existing services were up scaled in 16 BMOs.</p> |  |
| Duration of the project | 1 year |
| Place | Several locations in India |
| Assignment 2 | |

| | |
|---|--|
| Agency | Project Name |
| GIZ India | BMO Capacity Building and Dissemination |
| About the Project | |
| Dissemination of the GIZ BMO Capacity Building Project output with the various BMO Office Bearers supported under the project 14 BMO Office Bearers were present at the Workshop to share their experiences during the implementation of the project. These learnings were subsequently used to redesign subsequent programmes of this nature by GIZ. |  |
| Duration of the project | 2 days |
| Place | New Delhi, India |
| Assignment 3 | |
| Agency | Agency |
| National Innovation Council (NiNC) | National Innovation Council (NiNC) |
| About the Project | |
| FMC had signed a MOU with National Innovation Council (NiNC) and GIZ to conduct training programs on cluster development approach at 6 locations with focus on promoting innovation in clusters. However, the training program had been conducted only at 2 locations viz. Krishnagiri and Thrissur to help the cluster stakeholders understand the concept of clusters and how innovation can be undertaken in those clusters | |
| Duration of the project | 6 months |
| Place | Krishnagiri and Thrissur in India |
| Assignment 4 | |
| Agency | Project Name |
| Andhra Pradesh Productivity Council (APPC) | Training programme on Cluster Development Approach to Officials of AP Productivity Council |
| About Project | |
| FMC had organised a training programme on Cluster Development on behalf of Andhra Pradesh Productivity Council (APPC) in which 25 officials of the APPC actively participated in the programme and gave a very positive feedback of the programme. Officials from Commissioner of Industries, MSME-DI, Hyderabad, SIDBI also gave lectures and appreciated FMC efforts in propagating cluster concepts in the state. Chairman of the APPC requested FMC to be the Guiding and Monitoring Agency for their future cluster related projects. APPC initiated Cluster |  |

| | |
|--|--|
| Development Programme in five clusters as a result of the programme. | |
| Duration of the project | 3 days (April 25-27, 2012) |
| Place | Hyderabad, Andhra Pradesh, India |
| Assignment 5 | |
| Agency | Project Name |
| International Labour Organisation (ILO)(Ethiopia) | Cluster Development Training Program for Policy makers in Ethiopia |
| About the Project | |
| Training programs were conducted at two locations in Ethiopia at Bahir Dar and Adama. In Bahir Dar there were 35 participants and in Adama 47 participants including officials from Federal Government. District, region and federal level industry development officials intend to use the learnings for initiating new programmes and modify existing ones. | |
| Duration of the project | 5 days (August 13-17, 2012) |
| Place | Ethiopia |
| Assignment 6 | |
| Agency | Project Name |
| United Nations Industrial Development Organisation (UNIDO) | CDA training programme: Montenegro |
| About the Project | |
| 5 days training programme for 15 potential Cluster Development Agents (CDAs) in Montenegro (East Europe) was conducted with a focus on action plan preparation, soft skills, conflict resolution, and role of a CDA in cluster development process. Based on the inputs, the Govt of Montenegro intends to initiate cluster initiatives in the areas of tourism, food processing, forestry based products etc. with support drawn from European Union funding. |  |
| Duration of the project | 18 days (April – May 2012) |
| Place | Montenegro |
| Assignment 7 | |
| Agency | Project Name |
| Foundation for MSME Clusters (FMC) | Training programme on preparation of DPRs for hard interventions |

| About the Project | |
|---|--|
| <p>Given the vast scope for infrastructure development and hard interventions, there is an expressed need for auditing firms, companies engaged with infrastructure development, agencies implementing hard interventions and other stakeholders in the clusters to be proficient in preparation of Detailed Project Reports (DPRs). There is also need for Government departments, associations/ SPVs to understand the regulatory, monitory and documentation requirements for establishment of common facilities and development of infrastructure. FMC conducted a self-declared 5-day training programme on preparation of DPRs in which 14 participants from various agencies participated.</p> |  |
| Duration of the project | 5 days (April 2-6, 2012) |
| Place | Hyderabad, Andhra Pradesh, India |
| Assignment 8 | |
| Agency | Project Name |
| Foundation for MSME Clusters (FMC) | Training programme on 'Cluster development techniques – An overview' |
| About the Project | |
| <p>The first self declared cluster development training programme was organized by FMC during August 27-31, 2012. The program was attended by the 16 participants from the cluster development implementing agencies. The participants intend to initiate similar programmes or supervise such programmes in their organisations.</p> |  |
| Duration of the project | 5-days (27-31 August, 2012) |
| Place | New Delhi, India |
| Assignment 9 | |
| Agency | Project Name |
| United Nations Industrial Development Organisation (UNIDO) | Provide technical support to Beer brewing cluster in Burkina Faso (West Africa) |
| About Project | |

The main focus of the project is to promote energy efficient cook stoves among the women brewers in households (known as dolotieres) in rural and urban clusters and simultaneously implement the cluster business linkages concept for the overall business development of the micro enterprises dominated beer brewing sector. The project envisages training of Cluster Development Agents (CDAs) and others involved in the project on cluster concept, methodologies and practices and thereafter giving them hand holding support for implementing the project in four selected clusters, namely, Pabre, Saaba, Ziniare and Zorgho in Burkina Faso (West Africa).



The initial visit of the clusters was undertaken in December 2012 to train the Cluster Development Agents appointed by UNIDO locally on cluster development and visit some of the clusters with UNIDO experts and the CDAs to identify and select 4 clusters where the project would be implemented. Thereafter, primary data collection was undertaken for the diagnostic study and the Diagnostic Study Report has been prepared by the expert with inputs from other team members. Sensitizing government officials connected with the project and development institutions that will be working partners of the project has also been done. The draft action plan has been prepared and will be finalized in the second visit to the country.

| | |
|--------------------------------|--------------------------------------|
| Duration of the project | 1 year (December 2012-November 2013) |
| Place | Burkina Faso (West Africa) |

Assignment 10

| Agency | Project Name |
|--|---|
| Arthur Lok Jack GSB, Trinidad and Tobago | Creation of cluster data base with gap filling and suggestive support schemes; Formulation of possible scheme/ policy strategy for promoting cluster development program in Trinidad and Tobago (T&T) |

About the Project

FMC organised Cluster Development training programme for the experts of Arthur Lok Jack GSB and helped doing the cluster mapping exercise. FMC also guided them in doing the initial cluster mapping, hand-held the Lok Jack GSB team to create a data base of suggestive support schemes; Formulation of possible scheme/ policy strategy for promoting cluster development program in T&T

| | |
|--------------------------------|-------------------------|
| Duration of the project | June 2012 – August 2013 |
| Place | Trinidad and Tobago |

Assignment 11

| Agency | Project Name |
|--|--|
| State Agency for Development of Handloom Clusters (SADHAC) | Training programme on SPV formation and management |

About the Project

Conducted a half-a-day training program on SPV formation and management for the officials of SADHAC which is an autonomous body promoted by Department of Handloom, Textiles and Handicraft, Government of Odisha

| | |
|--------------------------------|---------------|
| Duration of the project | February 2013 |
| Place | Odisha, India |

Assignment 13

| | |
|-----------------------------------|---|
| Agency | Project Name |
| FICCI's Ladies Organisation (FLO) | Skill Upgradation and Gainful Employment of Rural Clusters: Learn and Earn Initiatives at Shantiniketan |

About Project

Program where 25 master artisans directly and another 50 artisans indirectly were capacitated in new designs. Further, they were also hand-held during sample preparation and production. Later these artisans were also linked with new market. The initiatives resulted in income enhancement of artisans by 20%-30% and at least 20% of the beneficiaries were new employees. Market linkages were also provided to help the artisans sell their newly designed products worth ore than 1 lakh.



| | |
|--------------------------------|-------------------------------------|
| Duration of the project | 6 months (July 2012 to Jan. 2013) |
| Place | Shantiniketan, Birbhum, West Bengal |

The FMC executed the following nine projects largely under the cell, Policy and Research. These projects provided the FMC the opportunity for capacity building of its own employees as also enabled the FMC to keep a tab on the present trends of output like employment generation through cluster development and the trend of competitiveness of MSMEs through branding etc. These small projects are proving tools for FMC in understanding and capacitating its employees in better understanding clusters and their in-depth knowledge and potential of cluster development scope of work and scenario. These action research projects enable the employees of FMC to hone their skills and better understand the ground realities in the clusters.

The project in the area of agri-business and agro-processing in South Africa provided exposure to the FMC members of staff and provided opportunity to develop its competence

in working across different types of clusters since agri-clusters is not the core strength of FMC.

In addition, the FMC also undertook smaller projects of exposure visit of Ethiopian delegation to India and also the mapping of skills in the Barmer district of Rajasthan under the CSR domain of the Cairns India Ltd.

| Assignment 14 | |
|---|--|
| Agency | Project Name |
| Institute of Applied Manpower Research (IAMR) of Planning Commission | Analysis of Factors for Employment in MSME Clusters - To find out the factors responsible for jobless growth in MSME sector in last 5 years |
| About the Project | |
| <p>Undertook a detailed study of 47 MSME clusters (non-farm) across 13 states in the country to determine employment elasticity in the last 5 years. The study outlined major factors that have led to jobless growth and these factors were further analysed with respect to the sectors (industrial/ traditional/ micro-enterprise) the clusters fell in.</p> <p>Around 978 firms and 238 institutions and associations interviewed during the entire process of data collection. Policy related suggestion (central and state level) were also derived from the above findings and presented in the report. Findings and policy suggestions were shared with IAMR and Planning Commission officials.</p> |  |
| Duration of the project | 4 months (March-June 2012) |
| Place | India |
| Assignment 15 | |
| Agency | Project Name |
| United Nations Industrial Development Organisation (UNIDO) | Rapid Appraisal of the Cluster Needs and Opportunities in 4 Engineering and Metallurgy Clusters in India and suggest development strategy for them |
| About the Project | |

The objective of the study was to understand a) Status of the selected clusters of Nasik, Trichy, Jajpur and Kanpur with respect to the stakeholder population, cluster products and locations, present business environment and the challenges; b) Current use and impact of the infrastructure provided under the IIUS; c) Level of support institutions (at the cluster level): review their capabilities; discuss their possible roles in and contribution to the implementation of the subject projects; d) Environmental performance and resource productivity (enterprise and cluster level); e) Spell out the development needs to solve the cluster problems.

Based on the outcomes of the above assessments, an overall summary report of the rapid appraisals undertaken with specific suggestions for potential future interventions and their potential sequencing was prepared. In addition, comments on the existing project documents, with particular emphasis on proposed activities and support institutions were featured among the recommendations of the summary report.



| | |
|--------------------------------|-----------------------------------|
| Duration of the project | 6 months (July 2012 to Jan. 2013) |
| Place | Nasik, Trichy, Jajpur and Kanpur |

Assignment 16

| Agency | Project Name |
|---|--|
| Entrepreneurship Development Institute of India (EDII), Ahmedabad | Evaluation of EDII's Involvement in Cluster Development and Future Roadmap |

About the Project

The basic objective of this assignment was evaluation of EDI's Cluster Development Strategy and Preparation of a Road Map for future.

The assignment involved:

- Document the 3 best/ most successful cases and three sub-par cases
- Success stories and where EDII failed or achieved much less than desired
- Evaluate the strategies adopted for cluster development
- Draw lessons
- Identify EDI's strengths and weaknesses in strategy
- Indicate areas of improvement
- Suggest way forward: future strategy and role in this area of intervention



The project report submitted to EDII in March 2013.

| | |
|--|---|
| Duration of the project | 4 months (March-June 2012) |
| Place | India |
| Assignment 17 | |
| Agency | Project Name |
| Small Industries Development Bank of India (SIDBI) | Policy Study on Feasibility of Developing Cluster based Brands to improve the competitiveness of MSMEs.- To undertake a strategic study for cluster based Brand building at international and national level to improve the competitiveness of MSMEs. |
| About the Project | |
| The major task in the study was: 1) Identification of 10 high potential international MSME cluster based brands across various sectors and do the detailed case study and draw lessons for branding; 2) Identification of 10 national clusters across various sector and critical analysis of their marketing and branding related challenges; 3) Policy suggestions on MSME cluster based branding for India. | |
| Duration of the project | 4 months (Feb 2013 to June 2013) |
| Place | India |
| Assignment 18 | |
| Agency | Project Name |
| United Nations Development Program (UNDP) | Micro-enterprise Development: A Demand Side Perspective |
| About the Project | |
| <p>The broad objective of the project was to bring out a demand side view points on how to create a suitable enterprise led approach for poverty alleviation and also suggest changes in the thought process of schematic support.</p> <p>To meet the objective of understanding the demand side view points on creating suitable enterprise led development approach for poverty alleviation, the following roles have been performed by FMC.</p> <ol style="list-style-type: none"> 1. Conducting field level survey and collection, compilation and analysis of primary data. 2. Preparation of draft discussion paper and sharing with the key stakeholders. 3. Organizing workshops and round table discussions convening key stakeholders in the micro enterprise space to get expert feedback. Preparing final discussion paper incorporating valued suggestions from experts, printing and wide dissemination |  |
| Duration of the project | December 2011-October 2012 |
| Place | India |

| Assignment 19 | |
|--|--|
| Agency | Project Name |
| DIE/ German Development Institute (GDI), Germany | MSE Upgrading Study - To provide research support in field data collection |
| About the Project | |
| FMC helped DIE/ GDI researcher in identifying right respondents and organised interviews to get data for their study on MSE upgrading. | |
| Duration of the project | 14 days (August 2012) |
| Place | India |
| Assignment 20 | |
| Agency | Project Name |
| Xavier Institute of Management (XIMB) | Research Methods Training in XIMB |
| About the Project | |
| To teach Research Methods to the PGDM students. The course was taken during which various research tools for data analysis and market research were taught to the PGDM students of Xavier Institute of Management, Bhubaneswar. | |
| Duration of the project | 3 months (Sept.-Nov. 2012) |
| Place | Bhubaneswar, Odisha, India |
| Assignment 21 | |
| Agency | Project Name |
| South Asia Bamboo Foundation (SABF) | Field assessment on need and opportunity to develop bamboo based enterprises for livelihood promotion in Mizoram and suggest a development model and strategy for on the same to New Land Use Policy (NLUP), Mizoram |
| About the Project | |
| The following were the outputs of the project: | |
| <ol style="list-style-type: none"> 1. Field visit to assess the needs and opportunities on bamboo based enterprise development was organised in Mizoram. 2. Findings of the field study and possible enterprise based cluster development model with action plan was presented to NLUP in Aizwal 3. A detailed proposal on the above was prepared and submitted to SABF and NLUP. | |
| Duration of the project | 8 days (August 2012) |
| Place | India |
| Assignment 22 | |
| Agency | Project Name |
| Knitwear and Apparel Manufacturers | Preparation of Pre-Feasibility Project Report |

| | |
|-----------------------|--|
| Association, Ludhiana | on setting up of Common Exhibition-cum-Display Center for the knitwear manufacturers |
|-----------------------|--|

About the Project

In order to assess the feasibility of establishing an exhibition centre of international standards, which can be utilised not only by knitwear industry but also others sectors based at Ludhiana, Knitwear and Apparel Manufacturers Association of Ludhiana (KAMAL) hired the services of FMC. The project commenced in April 2012 and completed in May 2012 within the stipulated period of 2 months. Analysis of suitable site, land and building requirements, a brief cost estimates, along with relevant Government Schemes to be dovetail for establishing the project were analysed and given in the project report.

| | |
|--------------------------------|-------------------------|
| Duration of the project | 2 months |
| Place | Ludhiana, Punjab, India |

Assignment 23

| | |
|--|---|
| Agency | Project Name |
| National Institute for Micro, Small and Medium Enterprises (NIMSME), Hyderabad | Preparation of Diagnostic Study Reports (DSRs) for 20 clusters of Uttar Pradesh in collaboration with NIMSME, Hyderabad |

About the Project

The FMC successfully finalised all the 20 DSRs and helped the NIMSME in validating the same and registering them online. The concerned General Managers of District Industries Centres and Director of Industries (DoI), Government of Uttar Pradesh appreciated the quality of reports.



| | |
|--------------------------------|-------------------------------------|
| Duration of the project | 3 month (Oct.-Dec., 2012) |
| Place | Shantiniketan, Birbhum, West Bengal |

Assignment 24

| | |
|--|--|
| Agency | Project Name |
| M/ s Tandur Rice and Dall Cluster Private Limited, Special Purpose Vehicle, Tandur | Preparation of DSR and DPR for Tandur Dall Mills Cluster |

About Project

The Diagnostic Survey Report was prepared and validated at the cluster attended by officials from Director of Industries, MSME-DI, Hyderabad and State Bank of India local lead bank. The validated DSR was submitted online to the Development Commissioner-MSME. The DSR will be put up for the 33rd steering committee meeting proposed to be held in the month of June, 2013. The General Manager of DIC, Ranga Reddy District was impressed by the report and requested FMC to take up more such projects in the district.

| | |
|--------------------------------|--------------------------------------|
| Duration of the project | 2 months |
| Place | Ranga Reddy District, Andhra Pradesh |

| Assignment 25 | |
|---|--|
| Agency | Project Name |
| United Nations Industrial Development Organisation (UNIDO) | Local Economic Development and Assistance in ILembe region in South Africa |
| About the Project | |
| <p>The assignment had four objectives:</p> <ul style="list-style-type: none"> • To provide a detailed diagnostic/ assessment of possible value chains/ clusters including (among others) projects presented on the Enterprise iLembe's website; • To propose the development of at least two value chain/ cluster development projects in agro-processing/ agribusiness; • To assess available local capacities for business support services towards the development/ improvement of value chains/ clusters in the region, including their vision, means (financial, but not only) and institutional set-up; • To propose measures to improve available local capacities for business support. <p>The main outputs of the assignment were:</p> <ul style="list-style-type: none"> • Mapping of the potential value chains in the region • Detailed proposals for two value chain/ cluster development projects; • Detailed proposals for ensuring the long-term sustainability of value chain/ cluster development in iLembe District, via capacity building of business service/ development organizations (e.g. Enterprise iLembe). | |
| Duration of the project | 2 months |
| Place | ILembe region in South Africa |
| Assignment 26 | |
| Agency | Project Name |
| United Nations Industrial Development Organisation (UNIDO) | Exposure visit of Ethiopian delegates to India |
| About the Project | |
| <p>FCM organised a study tour of public and private sector participants from edible oil sector from Ethiopia to India to provide firsthand experience on the overall mode of operations of small enterprise cluster to understand the smooth operation of cluster based businesses. The team from Ethiopia was taken to the clusters in Delhi and Agra and met policy makers and public private support institutions.</p> | |
| Duration of the project | 10 days (September 2012) |
| Place | India |
| Assignment 27 | |
| Agency | Project Name |
| CAIRNS Energy India Limited | Skill Gap Analysis at District Barmer and adjoining area |
| About the Project | |

FMC had conducted a study to map MSMEs in district Barmer and adjoining areas (Balotra, Jalore, Jaisalmer etc), FMC representatives interacted with key stakeholders related to the identified MSMEs and also analyzed value chain of each available craft.. The objective of the study was to map out profiles of existing industries, along with the skills engaged by them and to find out the gaps in required and available skills. Given the scope, this study focused on the skill gap analysis of the manufacturing industries and an overview of the service industry in the Barmer district in Rajasthan. The sub-sectors covered in the study were mainly hand block printing, wooden furniture, leather products, service and repairing and mineral based industries.

As per the findings, there are 26 typologies of skills where gap exist. Of the total number, 14 are from manufacturing sector, 8 from services related to manufacturing sector and 4 from services sector. The total number of workers that needs to be trained to fill the existing gap is 1270.

| | |
|--------------------------------|------------------------|
| Duration of the project | January 2012-June 2012 |
| Place | India |

Assignment 28

| Agency | Project Name |
|------------------------------------|--|
| National Institute of Design (NID) | Design Clinic (Need Assessment Survey) |

About the Project

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”.

- 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.

| | |
|--------------------------------|-----------------------------------|
| Duration of the project | Continuing from the previous year |
| Place | India |

**Auditer's Report
&
Audited Statemnt
of Accounts**

7. Auditors' Report and Audited Statement of Accounts for the Financial Year 2012-13



Amrit Paul Singla & Associates
Chartered Accountants

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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, 2013 and the Statement of Income & Expenditure for the year ended on that date.

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

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books of accounts;

The Balance Sheet and statement of Income & Expenditure dealt with by this report are in agreement with the books of accounts.

In our opinion and to the best of our information and according to explanations given to us, the said accounts, give a true and fair view in conformity with the accounting principles generally accepted in India,

- (i) In case of Balance Sheet, of the state of the affairs of the trust as at 31st March 2013.
- (ii) In case of statement of Income & Expenditure of the excess of expenditure over income of the trust for the year ended on that date.

AMRIT PAUL SINGLA & ASSOCIATES
Chartered Accountants
FRN: 014199N




(AMRIT PAUL SINGLA)
Partner
Membership No.93695

Place: **NEW DELHI**
Dated: **20.06.2013**

FOUNDATION FOR MSME CLUSTERS
 USO HOUSE, 2nd Floor, USO Road,
 Off Shaheed Jeet Singh Marg,
 6, Special Institutional Area,
 New Delhi - 110067 INDIA

BALANCE SHEET AS AT 31st March, 2013

| <u>SOURCES OF FUNDS:</u> | SCHEDULE | As at 31.3.2013 | As at 31.3.2012 |
|---|----------|-------------------|-------------------|
| <u>CAPITAL FUND</u> | | | |
| Corpus Fund | | 5,000 | 5,000 |
| Reserve Fund | A | 18,001,357 | 19,382,310 |
| Fixed Assets Fund | B | 1,345,466 | 635,247 |
| TOTAL (in ₹) | | 19,351,823 | 20,022,557 |
| <u>APPLICATION OF FUNDS:</u> | | | |
| <u>FIXED ASSETS</u> | | | |
| (A) Gross Block | C | 1,958,144 | 1,480,503 |
| (B) Less : Depreciation | | 293,400 | 553,305 |
| (C) Net Block | | 1,664,744 | 927,198 |
| <u>INVESTMENT</u> | | | |
| Shares held in a Private Company | | 1,000,000 | 1,000,000 |
| <u>CURRENT ASSETS, LOANS & ADVANCES</u> | | | |
| (A) Cash & Bank Balance | D | 17,104,364 | 16,102,722 |
| (B) Loans & Advance | | 2,416,888 | 3,265,046 |
| (C) Amount Receivable | | 3,576,375 | 2,659,279 |
| | | 23,097,627 | 22,027,047 |
| <u>Less : CURRENT LIABILITIES & PROVISIONS</u> | | | |
| (A) Liabilities | E | 6,380,548 | 1,926,787 |
| (B) Provisions | | 30,000 | 2,004,901 |
| | | 6,410,548 | 3,931,688 |
| Net Current Assets | D-E | 16,687,079 | 18,095,359 |
| TOTAL (in ₹) | | 19,351,823 | 20,022,557 |

For FOUNDATION FOR MSME CLUSTERS

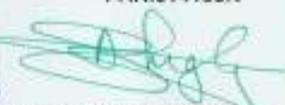

MUKESH GULATI
 Executive Director



PLACE : NEW DELHI
 DATED : 20.06.2013

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

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING ON 31 ST MARCH, 2013

FOUNDATION FOR MSME CLUSTERS
 USO HOUSE, 2nd Floor, USO Road,
 Off Shaheed Jeet Singh Marg,
 6, Special Institutional Area,
 New Delhi - 110067 INDIA

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING ON 31ST MARCH, 2013

| EXPENDITURE | Current Year | Previous Year | INCOME | Current Year | Previous Year |
|--|-------------------|-------------------|---|-------------------|-------------------|
| To Legal & Professional fees | 245,165 | 232,900 | By Consultancy Charges | 9,511,366 | 23,995,189 |
| To Audit Fees | 30,000 | 30,000 | By Miscellaneous Income | 109,092 | 69,883 |
| To Annual Retreat Meeting Expenses | 166,261 | 744,307 | By GIZ Grant (2012-13) | 1,300,800 | |
| To Bank Interest & Charges | 1,281 | 161,075 | Less : Overspent amount of the year 2011-12 | 50,669 | 4,589,944 |
| To Board of Trustees' Meeting Expenses | 229,234 | 115,989 | By Govt. Grant Received in 2012-13 | 2,574,613 | |
| To Books & Periodicals | 31,939 | 27,464 | Add : Bank interest adjusted in Grant | 17,515 | |
| To Bonus & Rewards | 36,098 | 685,484 | | 2,592,128 | |
| To Repair & Maintenance | 162,908 | 257,483 | Add : Unspent amount (carried forward from the year 2011-12) | 1,371,795 | |
| To Salaries | 16,914,501 | 15,506,605 | Add : Amount spend but not yet received | 1,271,387 | |
| To Consultancy Paid | 4,413,217 | 11,390,491 | | 5,235,310 | |
| To Grant/ Proposal for Innovation | 1,008,499 | 4,440,774 | Add : Fixed Asset grant to the extent recognised as revenue | 242,971 | 30,729,012 |
| To EPF Contribution of FMC | 1,044,759 | 923,454 | By European Union Grant Received in 12-13 | 24,053,070 | |
| To EPF Processing & Admin Charges | 66,232 | 77,084 | Add : Bank interest adjusted in Grant | 1,040,408 | |
| To Honorarium | 203,000 | 192,500 | | 25,093,478 | |
| To Membership & Participation fees | 67,099 | 56,625 | Less : Unspent amount (Earmarked for the the year 2013-14) | 2,475,613 | |
| To Miscellaneous Expenses | 204,181 | 85,785 | Less :Grant for Fixed Assets capitalised | 869,070 | 21,648,795 |
| To Office Expenses | 463,091 | 368,706 | By Interest from Savings Bank Account | 43,911 | |
| To Postage & Courier Expenses | 72,191 | 86,022 | By Interest On Bank Fixed Deposit | 1,062,097 | |
| To Printing & Stationery | 258,980 | 187,384 | By Interest On Unsecured Loan | 110,575 | 842,920 |
| To Quarterly Review Meeting | 339,117 | 334,654 | | | |
| To Office Rent | 2,031,710 | 1,732,291 | By Short & Excess | - | 235 |
| To Community Welfare Expenses | 29,762 | 25,921 | By Foreign Exchange Difference | 26,562 | - |
| To Contingency Expenses | 791,233 | 1,049,651 | By Sale of Fixed Assets | 12,000 | - |
| To Employees' Welfare Expenses | 338,189 | 407,849 | By Expenditure over income tld to Reserve & Surplus | 1,286,626 | - |
| To Capacity Building Expenses | 160,026 | 747,373 | | | |
| To Expenditure (through GRI in European Union Project) | 3,500,426 | - | | | |
| To Stipend & Internship Expenses | 160,800 | 147,177 | | | |
| To Telephones, Fax & Internet Charges | 619,466 | 558,845 | | | |
| To Tours & Travels Expenses | 4,705,739 | 7,108,416 | | | |
| To Training & Exposure Visit Expenses | 171,608 | 2,079,289 | | | |
| To Short & Excess | 4,811 | - | | | |
| To Foreign Exchange Difference | - | 156,133 | | | |
| To Water & Electricity Charges | 209,840 | 187,658 | | | |
| To Workshop Expenses | 1,486,943 | 2,426,166 | | | |
| To Website Development & Maintenance | 65,550 | 35,849 | | | |
| To Unrecoverable balance w/of | 16,532 | 208,700 | | | |
| To Depreciation | 293,400 | 553,305 | | | |
| To Fixed Assets-w/of | - | 23,484 | | | |
| To Income over Expenditure tld to Reserve & Surplus | - | 6,854,600 | | | |
| TOTAL ₹..... | 40,538,625 | 60,237,183 | TOTAL ₹..... | 40,538,625 | 60,237,183 |

For FOUNDATION FOR MSME CLUSTERS


MUKESH GULATI
 Executive Director

PLACE : NEW DELHI
 DATED : 20.06.2013



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

FOUNDATION FOR MSME CLUSTERS
USO House, 2nd Floor, USO Road,
Off Shaheed Jeet Singh Marg, 6 Special Institutional Area,
New Delhi - 110067 INDIA

| PARTICULARS | AMOUNT (in ₹) |
|---|--------------------------|
| | 31.03.2013 |
| <u>SCHEDULE-A</u> | |
| <u>RESERVE FUND :</u> | |
| Balance as per previous Balance Sheet | 19,382,310 |
| Less : Amount spend through FCRA account Reserves | 64,220 |
| Less : Income Tax 2011-12 | 29,907 |
| | <u>19,288,183</u> |
| Less: Excess of Expenditure over Income | 1,286,826 |
| Total (in ₹) | <u>18,001,357</u> |

| | |
|--|-------------------------|
| <u>SCHEDULE-B</u> | |
| <u>FIXED ASSETS FUND:</u> | |
| Balance as per previous Balance Sheet | 635,247 |
| ADD : Fixed Assets purchase from Grant this year | 969,070 |
| Deferred Grant for Fixed Assets | 1,604,317 |
| Less : Assets Sold/Written Off | 15,880 |
| Less : Transferred to Revenue | 242,971 |
| Total (in ₹) | <u>1,345,466</u> |

For FOUNDATION FOR MSME CLUSTERS



Mukesh Gulati
Mukesh Gulati
Executive Director



FOUNDATION FOR MSME CLUSTERS
USO House, 2nd Floor, USO Road,
Off Shaheed Jeet Singh Marg, 6 Special Institutional Area,
New Delhi - 110067 INDIA

SCHEDULE-C

COMMON FUND FIXED ASSETS AS ON 31.3.2013

| NAME OF ASSETS | W.D.V AS ON 1st APRIL, 2012 | ADDITION/ (DISPOSAL) | | TOTAL | DEPRECIATION | W.D.V AS ON 31st MARCH, 2013 |
|-----------------------------|--------------------------------|----------------------|---------------|----------------|---------------|---------------------------------|
| | | Before Sep, 12 | After Sep, 12 | | | |
| Air Conditioners | 13,591 | 17,475 | - | 31,066 | 4,660 | 26,406 |
| Computer | 8,179 | - | - | 8,179 | 4,907 | 3,272 |
| Furniture & Fixture | 74,884 | 60,281 | - | 135,165 | 13,517 | 121,648 |
| Furniture & Fixture (BB) | 19,338 | - | - | 19,338 | 1,934 | 17,404 |
| Office Fixture & Fillings | 74,643 | - | - | 74,643 | 7,464 | 67,179 |
| UPS | 10,558 | - | - | 10,558 | 1,584 | 8,974 |
| Vending Machine | 26,297 | - | - | 26,297 | 3,945 | 22,352 |
| Laptops | 8,832 | - | - | 8,832 | 5,299 | 3,533 |
| Furniture & Fixture (SIDBI) | 23,309 | - | - | 23,309 | 2,331 | 20,978 |
| Wireless Router | 5,737 | - | - | 5,737 | 801 | 4,936 |
| USB Modem (Tata Indicom) | 26,583 | - | - | 26,583 | 3,987 | 22,596 |
| TOTAL- (A) | 291,951 | 77,756 | - | 369,707 | 50,429 | 319,278 |

DST FUND FIXED ASSETS AS ON 31.3.2013

| NAME OF ASSETS | W.D.V AS ON 1st APRIL, 2012 | ADDITION/ (DISPOSAL) | | TOTAL | DEPRECIATION | W.D.V AS ON 31st MARCH, 2013 |
|----------------------------|--------------------------------|----------------------|----------------|----------------|----------------|---------------------------------|
| | | Before Sep, 12 | After Sep, 12 | | | |
| Air Conditioners | 143,205 | - | - | 143,205 | 21,481 | 121,724 |
| Camera | 23,208 | - | - | 23,208 | 3,481 | 19,727 |
| Computers | 59,185 | - | - | 59,185 | 35,511 | 23,674 |
| Comfar III | 20,100 | - | - | 20,100 | 12,080 | 8,040 |
| Laptop | 269,946 | (12,000) | - | 257,946 | 154,768 | 103,178 |
| LED- LG 22" | 13,875 | - | - | 13,875 | 2,081 | 11,794 |
| Laser Jet Printer (HP) | 14,996 | - | - | 14,996 | 2,249 | 12,747 |
| LCD Projector (Panasonics) | 28,776 | - | - | 28,776 | 4,316 | 24,460 |
| Polycom Sound System | 24,326 | - | - | 24,326 | 3,649 | 20,677 |
| Furniture & Fixture | 33,750 | - | - | 33,750 | 3,375 | 30,375 |
| Server (IBM) | 3,880 | - | (3,880) | - | - | - |
| TOTAL-(B) | 635,247 | (12,000) | (3,880) | 619,367 | 242,971 | 376,396 |

EU FUND FIXED ASSETS AS ON 31.3.2013

| NAME OF ASSETS | W.D.V AS ON 1st APRIL, 2012 | ADDITION/ (DISPOSAL) | | TOTAL | DEPRECIATION | W.D.V AS ON 31st MARCH, 2013 |
|----------------------|--------------------------------|----------------------|----------------|------------------|----------------|---------------------------------|
| | | Before Sep, 12 | After Sep, 12 | | | |
| Motor Bikes | - | 112,385 | 207,400 | 319,785 | - | 319,785 |
| Crockeries | - | 3,333 | 1,707 | 5,040 | - | 5,040 |
| Furniture & Fixtures | - | 66,420 | 29,300 | 95,720 | - | 95,720 |
| Laptops | - | 257,388 | - | 257,388 | - | 257,388 |
| Computers | - | 25,950 | 50,500 | 76,450 | - | 76,450 |
| Printers | - | 8,500 | 4,857 | 13,357 | - | 13,357 |
| Wireless Router | - | 2,100 | 3,600 | 5,700 | - | 5,700 |
| USBs (Data Card) | - | 8,354 | - | 8,354 | - | 8,354 |
| Cameras | - | - | 34,728 | 34,728 | - | 34,728 |
| Air Conditioners | - | 112,706 | - | 112,706 | - | 112,706 |
| Cupboard | - | 5,100 | - | 5,100 | - | 5,100 |
| Water Filter | - | 2,000 | - | 2,000 | - | 2,000 |
| Invertors | - | 17,500 | 15,242 | 32,742 | - | 32,742 |
| TOTAL-(C) | - | 621,736 | 347,334 | 969,070 | - | 969,070 |
| TOTAL-(A+B+C) | 927,198 | 687,492 | 343,454 | 1,958,144 | 293,400 | 1,664,744 |



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FOUNDATION FOR MSME CLUSTERS
USO House, 2nd Floor, USO Road,
Off Shaheed Jeet Singh Marg, 6 Special Institutional Area,
New Delhi - 110067 INDIA

| PARTICULARS | AMOUNT (in ₹) | |
|-------------|-----------------|--|
| | 31.03.2013 | |

SCHEDULE-D

CURRENT ASSETS, LOANS & ADVANCES

CURRENT ASSETS

Bank balance with a Scheduled Bank

| | | |
|---|-----------|-------------------|
| Axis Bank Savings Account (Common Fund) | 1,253,754 | |
| Axis Bank Savings Account (FCRA) | 5,759,463 | 7,013,217 |
| Fixed Deposits-Axis Bank Ltd | | 10,091,147 |
| Total (in ₹) | | 17,104,364 |

Loans & Advances

| | | |
|--|-----------|------------------|
| Income tax deducted at source | 831,777 | |
| Income tax deducted at source (FCRA) | 88,320 | |
| Security Deposit (Howrah Office) | 50,000 | |
| Security Deposit (Hyderabad Office) | 50,000 | |
| Earnest Money Deposit (CSTRI, Bangalore) | 23,664 | |
| Staff Advances | 115,350 | |
| Prepaid Rent (N Delhi Office) | 60,000 | |
| Imprest Account | 35,857 | |
| Unsecured Loan to a Company | 1,146,920 | |
| Security Deposit (Photocopier) | 15,000 | 2,416,888 |

Amount Receivable :

| | | |
|---|-----------|------------------|
| Entrepreneurship Development Institute of India | 299,538 | |
| SVGOMiCL, Vijayawada | 352,455 | |
| Institute of Applied Manpower Research | 27,000 | |
| Department of Science & Technology (DST) | 1,271,387 | |
| Knitwear Apparel | 50,000 | |
| Receivable from GIZ | 36,429 | |
| Small Industries Development Bank of India | 382,024 | |
| NI MSME, Hyderabad | 303,895 | |
| Arthur Lok Jack University | 218,360 | |
| United Nation Industrial Development Organization (UNIDO) | 635,287 | 3,576,375 |
| Total (in ₹) | | 5,993,263 |

SCHEDULE-E

CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

| | | |
|--|-----------|-----------|
| Advances from Clients | 404,510 | |
| Global Reporting Initiative (GRI), Amsterdam | 3,500,425 | |
| European Union Grant (unspent balance) | 2,475,613 | 6,380,548 |

PROVISIONS

| | | |
|---------------------|--------|------------------|
| Audit fee Payable | 30,000 | 30,000 |
| Total (in ₹) | | 6,410,548 |

For FOUNDATION FOR MSME CLUSTER:



Mukesh Gulati
Mukesh Gulati
Executive Director





FOUNDATION FOR MSME CLUSTERS

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2013:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

- 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 :
 - (i) 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.
 - (ii) In respect of interest on savings account, income is recognized at the time of credit by the bank.
 - (iii) Interest earned in FCRA Account on EU grant is treated as part of grant Amount, as per the term of the grant contract.
 - (iv) As per the terms of Grant Contract in respect of European Union project, the contribution of the trust along with its partners in action is equal to 20% of the project cost while 80% of the same is to be borne by the EU. However, during the period ending 31.3.2013, there is a shortfall in the contribution of the trust which will be met over the project duration.
- 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.

However, no depreciation is charged on the fixed assets acquired from the grant received from European Union, as these fixed assets will remain with the Trust for the project duration only and on completion of the project they will be transferred to the final recipients of the action as per the terms of Grant Contract.

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 2012-13 is the 8 (eighth) 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 of Technical Agencies, support for BDS programmes, fostering CSR among MSMEs by way of energy reduction.

- 2) An amount equal to Rs. 12.71 Lacs shown as receivable from the Deptt of Science & Technology, Govt of India is due to overspending in the project. The trust is in communication with the DST for recovery of the shortfall in the receipt of grant.

3) INCOME & EXPENDITURE ACCOUNT:

Books of accounts for funds received in FCRA account are maintained separately, however, consolidated financial statements have been prepared for all projects carried on by the Trust in the field of its operations.

- 4) Previous year's figures are rearranged/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: 20.06.2013





Foundation for MSME Clusters

**USO House, II nd Floor , USO Road,
6 Special Institutional Area,
Off Shaheed Jee t Singh Marg,
New Delhi-110067**

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