



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

9th  
**Annual Report**  
2013-14

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**Prof. Y.K. Alagh**

## **CHAIRMAN'S MESSAGE**

In pace with developments in the economy, the landscape of MSMEs has changed significantly since 2007 with the service enterprises forming a part of it. The service sector in MSMEs now contributes little over 30% of the country's GDP when compared to 7% by the manufacturing sector in the year 2012-13. The share of MSMEs in exports is estimated to be 42.38% in the year 2013-14. With the inclusion of services in MSME definition, a greater clarity on their constitution, key drivers and promotional measures relevant to them need to be worked on. Of course, manufacturing MSMEs are also critical to achieve targeted manufacturing sector's share of 20% as per National Manufacturing Policy.

The new Government has proposed to prepare an in-depth plan to revitalise the country's MSME sector in the next six months according to the MSME Minister. The budget for 2014-15 concretises this including a special thrust on promotion of start-ups and allocation of Rs 10,000 crore to set up a venture capital fund for the MSME sector. The Government has also proposed to set up a technology centre network to promote innovation, entrepreneurship and the agro-industry connecting MSMEs with agriculture. This is further complemented with the proposal to set up 2000 producer companies through NABARD in the Non-Farm Sector. This pleases me as Producer Companies were designed by a Committee I chaired which incidentally was set up by the Finance Minister A. Jaitly as Company Affairs minister in the NDA Government. A long pending demand to come up with a legal bankruptcy framework that allows easy exit of sick SMEs and start afresh also finds a mention in Finance Minister's budget speech. The recent Nachiket Mor report suggests the need for expanding formal financing to cover a large number of MSMEs. Thrust on skill up-gradation and changes in the labour laws are expected to open up new avenues for the youth in the MSME sector. Public procurement policy aims to stimulate growth of MSMEs without invading the competition framework.

These are indeed very refreshing ideas that will need effective implementation measures. I had mentioned some of these in my previous year's write up in this report. Many of these measures for an effective delivery will require strong coordination among different stakeholders that include different ministries, public institutions, banks, corporate enterprises and a few international agencies as well. Information and knowledge is the key to measure the change. Clustering is a very strong model of convergence at local level that accounts for almost 70% of all manufacturing enterprises. There is however little known about clustering in service sector. If we look for fast growth of MSMEs through clusters as one of the routes, an incremental approach may not suffice. There is need for simplification of rules, procedures and

formats for all public schemes including SFURTI, MSECDP and NMCP that have a good impact potential.

With more than 1150 industrial manufacturing clusters already identified and documented in India ([www.clusterobservatory.in](http://www.clusterobservatory.in)) and another 3000 artisan clusters being supported by different ministries, it is important to prioritise action. There are several small & big clusters in each sub-sector such as machine tools, food processing, pharmaceuticals, auto-components, handlooms, handicrafts, khadi and coir. Therefore considering the fact that there are several sub-sectoral bottlenecks that will need resolution at national level, it is important to prioritise sub-sectors first and then the clusters within those sub-sectors. Moreover, there is considerable scope for mutual learning among clusters within these sub-sectors. It is suggested that sub-sectoral councils and cluster councils are instituted to bring innovative ideas into action through a range of institutions.

Many public schemes of assistance are too small and fragmented to make a meaningful impact. Currently, FMC has documented more than 200 public schemes of assistance applicable to MSMEs and implemented by different Central Ministries, including Ministry of MSME. These are to be made available at <http://www.clusterobservatory.in/schemes.php>. There is a need to draw up flexible programmes where customised need of the sub-sectors and clusters are addressed. These programmes must target outcomes and impact rather than inputs. These initiatives need to have inbuilt scope for experiments and trials associated with risk of failures. A significant improvement in monitoring and evaluation systems will be required to achieve this.

For wider reach and a bigger impact of development initiatives is a large number of MSME BMOs need to be strengthened through their capacity building. These BMOs at the levels of clusters, regions and national sub-sector not only provide real services to their members but also coordinate the provision of such services with other stakeholders including the government. Several BMOs have done commendable work and in certain cases without any external support. There are over 3000 BMOs in India and probably less than 200 of them with have their own professional secretariat and a permanent office.

There are many schemes and programmes with laudable objectives. However the implementation of these initiatives is either limited through its own institutions or at best left in the hands of a few chosen government institutions thus limiting the potential these schemes may have achieved. A more pragmatic and merit based approach is required to bring in better expertise. Such skills must be mobilised through fair competition and extend to the international arena. New knowledge, systems and competencies are required for innovative approaches that should lead to desired outputs and outcomes. This will encourage bidders to forge mutually rewarding partnerships.

For a concerted MSME development, it is critical to coordinate the efforts of different institutions. The methodologies, best practices, evaluation frameworks and experiences need to be put together on a public domain for all interested stakeholders to make use of. A framework to set up such a platform under the title of '*Cluster stimulation cell*'

has already been proposed by the Planning Commission with support drawn from FMC and IICA. Coordination of information and knowledge must be undertaken with support from interested national and international institutions. Linkages between academic institutions and MSMEs are woefully inadequate in the areas that are needed to accelerate growth. Considering the socio-economic significance of MSME sector, special MSME development centres or departments should be set up across all recognised universities that then collaborate with MSME clusters.

Technology diffusion among clusters and stimulating innovation in processes is necessary to fuel growth and help clusters reach optimum productivity levels. A lot of technologies, products and their designs in vogue among MSMEs are not contemporary leading to resource in-efficiencies and thus lack of competitiveness. Manufacturing SMEs must become learning enterprises and more competitive through better process architecture and ICT usage. Rising scope for innovative products & services calls for a diffusion of existing technologies and provisions for financing knowledge-management and skills. Stimulation to forge such linkages amongst academic institutions, venture capitalists and buyers can be undertaken at district level and cluster level through existing or new networks.

Clusters of MSMEs can play a significant role in improving the levels of procurement from less than 10% to the mandatory required level of 20%. A range of information asymmetries, procedural bottlenecks and lack of capacities will need to be ironed out to meet the targets. Not only can this policy lead to high growth but can also act as a big stimulant to create a benchmark among MSMEs for sustainable production.

Infrastructure inadequacies are well known among MSMEs. Lack of reliable and clean energy is stopping growth. Many industrial clusters where enterprises have grown within the residential areas cannot access the modern infrastructure unless they are shifted out of the cities with customised common facilities. Relocation will however need to be managed at social, political and economic level because of complexities of issues and inter relationships involved. The EPZs, SEZs and new industrial cities must be linked with existing clusters to create organic & mutually rewarding relationships. Productivity, particularly with respect to labour remains a major challenge among MSMEs where most of the work-force is not trained formally. Lack of an adequate skill development system in the country, the MSME sector invariably recruits untrained workers who are then trained on the job. Assessment of existing skill levels and a certification system will ensure a fair and flexible labour market system ensuring greater mobility upwards.

The other major constraint is access to finance. As per the 4<sup>th</sup> All India Census of MSMEs held in 2007, only 5% of all the MSMEs had access to formal finance. There are several innovative ways prevalent internationally that can help increase the access to finance. Group guarantee system as in practice among SHGs, mutual credit guarantee models as practiced in Italy, movable asset financing and setting up of specialised SME lending institutions are some of the better known options to learn from. Innovations in finance are essential for financial inclusion.

Inspector raj, corruption and insensitive systems of regulation have been cited as some of the major reasons in most of the policy reports for not achieving the desired potential

among MSMEs. A greater thrust towards self-regulation has been suggested in the policy prescriptions. Linking of support systems and involvement of MSME industry associations can help mainstream the enterprises to join the formal channels and improve regulatory compliances.

The FMC is now in its 9<sup>th</sup> year of inception and has demonstrated project development and management capacities seeking bigger challenges year on year. More and more donor institutions have demonstrated their faith by entrusting FMC to take up complex inter-disciplinary activities with high magnitude, in partnership with different institutions. Under its biggest project in terms of scale and scope, the EU-funded project ***'Scaling Up Sustainable Development of MSME Clusters in India'*** has now reached almost half way stage where the project led by FMC in partnership with GIZ, GRI, IICA, UNIDO and SIDBI has completed successful interventions in 128 MSMEs by ensuring use of cleaner technologies and adoption of more responsible business practices. The improved processes and technologies aim to reduce coke usage in 500 enterprises by 28,000 MTs during the project duration and post project saving of 18,000 MTs of coke per annum. These results when achieved by the project end will demonstrate the highest level of delivery under a single development project on energy among MSMEs. Through the other components of this project, it will also ensure improved financial linkages, build capacities of industry associations and encourage the enterprises to undertake aggregate reporting. Policy level research and linkages will ensure replication of similar efforts and sustained outcomes beyond the project duration.

We are also proud of its achievements in building new knowledge on MSMEs through a range of research publications that include cluster branding, preparation of new training modules for industry associations and bringing international experiences to common forums. Dissemination of learning and training of policy makers along with institutional staff in select countries has also led to widen its outreach.

For FMC it has been a rather satisfying year in terms of business operations. FMC's turnover has risen up from Rs. 39.2 million in the year 2012-13 to Rs. 59.2 million this year after a contraction of 35% in the previous year. 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 staff members of FMC who have done well to help the organisation sustain while adhering to the values and mission that we stand for.

Building up on the rules, everybody has a fixed tenure in FMC. I insisted on one for the Chairman. It was not nine years as my friends wanted but six, for if you can't do your bit in six years you won't do it in nine. It's time for me to get along. I am happy that during my tenure as Chairman, FMC has emerged as a strong institution capable of taking on a degree of buffeting in a volatile world. The credit goes to its staff and leadership. For me it was a great learning experience. This experience validated again the rule that if your goals are noble and your intents honest, nothing, I repeat nothing, is out of reach. Enjoy your work and prosper FMC. In Yoginder Alagh you have a friend out there.

*Y. K. Alagh*

# *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 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 & Batala (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.

## Values

The following values are an integral part of the organisation:



### Transparency

We explicitly communicate business practices and institutional performance in a manner that is understandable by stakeholders & staff members.



### Integrity

We keep promises & commitments at work with staff members & stakeholders. We are truthful to our actions & adhere to honesty at workplace



### Sensitivity

We care about our stakeholders and society at large. We consciously put in efforts to fulfil the needs of our stakeholders and the society.



### Openness

We continuously seek to innovate our work practices. We are ready to take on new challenges.

## 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



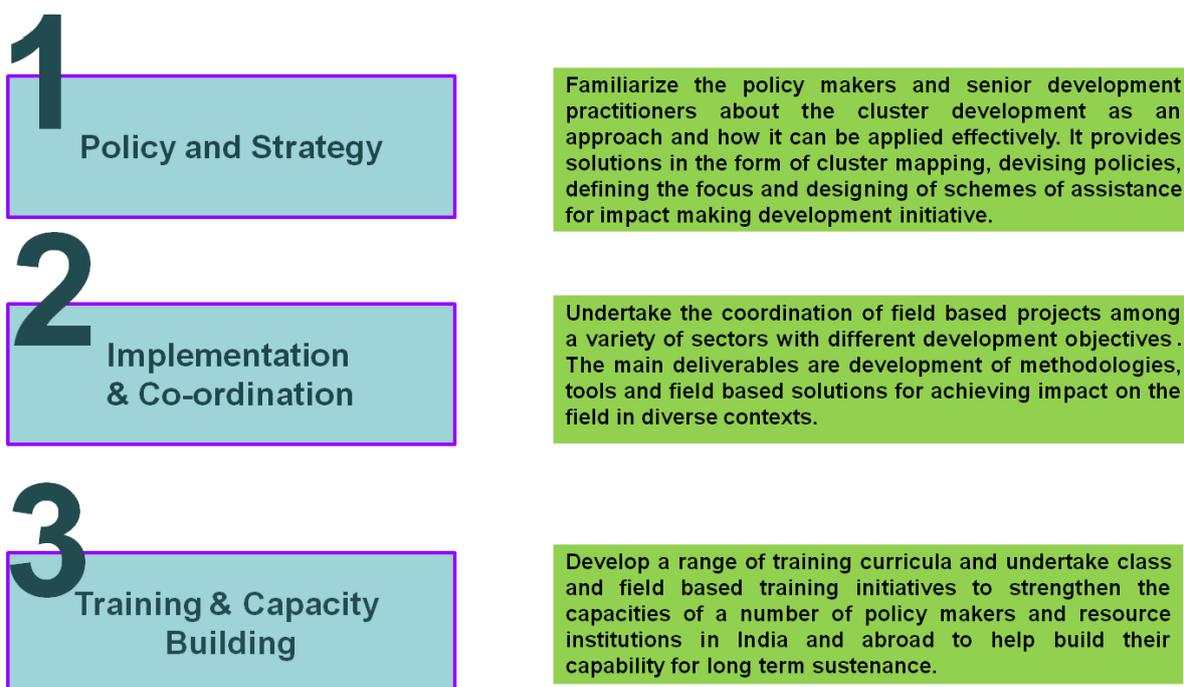
Trained and competent professionals and institutions are available to facilitate cluster-based development



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

## Work Areas

The FMC undertakes all its activities under three work areas – ‘Policy & Strategy’, ‘Implementation & Coordination’ and ‘Training & Capacity Building’. Many of the project assignments that the FMC undertakes have components drawn from more than one work area. The nature of work in each of these work areas is explained in the chart below.



To operationalise the convergence of ‘Work Areas’ & ‘Thematic Areas’ towards achievement of desired objectives FMC constituted eight cells as explained further in the document. The service portfolio of these eight cells has been explained below.

### Business Responsibility



Promote business responsibility among MSMEs by adopting Occupational Health & Safety (OHS) & various social measures for the workers. Help corporates in identifying, implementing, and monitoring Corporate Social Responsibility (CSR) related activities.

### Energy & Environment



Promote energy savings through cluster based efficiency improvements; consequentially address environmental issues, and undertaking common energy production initiatives for meeting energy requirements of MSMEs.

### Inclusive Marketing



Promote entrepreneurship among micro enterprises in clusters through market led support linkages; promote livelihood of micro enterprises especially for the CSR areas of corporate enterprises and capacity building of artisan groups.

### Infrastructure



Prepare Detailed Project Reports (DPRs) and build capacities of Special Purpose Vehicles (SPVs), Business Management Organisations (BMOs), service providers and implementing agencies on creation of Common Facility Centre (CFCs), industrial parks and in infrastructure development projects.

### Policy and Research



Provide Policy and Research support for creating cutting edge cluster development methodologies, tools, information & resources, undertake evaluations of various schemes and programmes, and suggest policy measures.

### Productivity and Competitiveness



Implement Cluster Development Programmes (CDPs) to improve productivity and competitiveness of MSMEs. Also, provide Program Management Services (PMSs) to donor agencies and technical support to implementing organisations.

### Technology and Innovation



Enable technology transfer for MSMEs, promotion of science, technology and innovation (STI) driven entrepreneurship, strengthening industry-institutions-government partnerships, policy & research in the area of STI, and capacity building for STI promotion.

### Training and Capacity Building



Organise programmes on Micro, Small, and Medium Enterprises (MSMEs) based cluster development for implementers, policy makers, and business management organisations (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, 2014



**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, Ahmadabad. 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), Ahmadabad. 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. Mohan is a director on the Boards of Micro Rating International Ltd.

**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. 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 medallist 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, Ahmadabad, 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 Ahmadabad. 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. She now lives in Kolkata. 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 organisational values & ethos with willingness to contribute to society.

Human resources at different levels/designations are provided below:

Levels/Designation	2011-12	2012-13	2013-14
<b>Executive Director &amp; Director</b>	3	3	2
<b>General Manager</b>	1	0	2
<b>Deputy General Manager</b>	4	3	2
<b>Senior Manager</b>	0	0	3
<b>Manager</b>	12	10	6
<b>Associates</b>	6	11	11
<b>Assistants</b>	2	3	4
<b>Support Staff</b>	2	2	2
<b>Total</b>	<b>30</b>	<b>32</b>	<b>32</b>

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 6:1. Out of the 6 female staff 4 of them are in the professional category while 1 is in the support staff bracket. This compares with a total of 7 female staff in the total staff strength of 32 in the previous year.

### Brief Profile of the FMC Staff Members



**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.

**Email:** tamal@msmefoundation.org



**Mr. Vishal Dev**  
General Manager

Mr. Dev is Post Graduate in Entrepreneurship Management from XLRI, Jamshedpur and Graduate in Mechanical Engineering. He is having 9.5 years experience in steel and power sector. He started his career working for design & development of rolling mills in an engineering company Rana Udyog in Kolkata and later worked with TAYO Rolls, Jamshedpur for Sales and Marketing of Rolls used in rolling of ferrous and non-ferrous products. Off late, he has worked in Power & Energy Sector for Business Development in ABB, Hyderabad and Wartsila, Noida providing complete solution in liquid fuel and gas based power plants for their business in Indian territory.

**Email:** vishal.dev@msmefoundation.org



**Mr. ASK Sharma**  
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.

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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 CII (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.

**Email:** sukanya.banerjee@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, and 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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**Mr. Ravinder Dwivedi**  
Senior 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.

**Email:** ravinder.dwivedi@msmefoundation.org



**Mr. Amit K Tyagi**  
Senior Manager

Mr. Tyagi has 10 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.  
**Email:** amit.tyagi@msmefoundation.org



**Mr. Sagnik Lahiri**  
Senior Manager

Mr. Lahiri has experience of more than 8 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.  
**Email:** sagnik.lahiri@msmefoundation.org



**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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**Mr. Anijit Bhattacharya**  
Manager

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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**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.

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**Mr. Atul Kumar Mishra**  
Manager

Mr. Mishra is a Post Graduate in Human Resource Management from International Management Institute, New Delhi. His key skills are in the area of Employee Engagement, Talent Acquisition & Management and Organization Development. He is involved in administering & enhancing HR policies for the organization. Additionally, he is also involved in Business Development activities. Prior to FMC he has interned with RP-Sanjiv Goenka Conglomerate to design a Competency Framework and Assessment tool for HR professionals of the group's companies. His earlier corporate association is with Godrej & Boyce Mfg. Co. Ltd. in the area of Sales & Marketing..

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**Ms. Shivani Seth**  
Manager

Ms. Seth is an ITES professional with over 10 years of experience in Training and development. She is a post graduate in IT from Punjab University. She also has a good amount of experience in IT management and documentation

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**Mr. Rahul Bhalla**  
Associate

Mr. Bhalla is an IT background with over 9 year of experience in Web Designing cum development and database development. His present role, create & maintain the websites of the organisation and also design the all web/printing material . He has done his MBA 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.

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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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**Mr. Saharsh Tiwari**  
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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**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. Ravi Kant Prasad**  
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 FMC he has worked in Kores India Ltd as a Trainee Engineer.

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**Mr. Puneet Singh**  
Associate

Mr. Singh is a Mechanical Engineer and Post Graduation in Sustainable Development from BIMTECH. Prior to joining FMC he was working with AROH foundation in the area of Skill Development.

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**Mr. Ramesh Kumar**  
Associate

Mr. Kumar pursuing BE in metallurgy from IIM Kolkata. He holds a bachelor degree in physics from Ranchi University and also has a diploma in foundry technology. His key skills are in the area of supply to the moulding lines, rejection evaluation, consumable inspection etc. His achievements include In-house Technical & Safety Trainer, Reduced the Amine & CO2 gas consumption up to the remarkable point against the target, and decreased the rejection of core from 10% to 4%. During his career he handled the sand volume reduction on moulding in TATA Motors Ltd, Jamshedpur and effects of alloying elements on the microstructure of SG iron at HEC ltd., Ranchi.

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**Ms. Smriti Jain**  
Associate

Ms. Jain has done her MBA in Rural Management from Amity University. During her masters she has completed her internship in drafting and designing a Training of Trainers (ToT) manual on Right to Education (RTE). She has also completed her dissertation on Local Economic Development for Poverty Alleviation and Livelihood Promotion. Previously she was working with IRG Systems South Asia Pvt. Ltd. mainly involved in preparation of socio economic impact assessment reports, project monitoring and evaluation reports, compilation and analysis of primary and secondary data and report writing.

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**Mr. Chirag Nagpal**  
Associate

Mr. Nagpal has completed his masters in Social Anthropology from Punjab University Chandigarh and holds research experience of more than 3 years. Apart from his professional career, he also holds experience of undertaking several independent research projects. He has designed, executed and managed several diagnostic, feasibility, value chain and baseline studies and was actively involved in projects of MST, IIFT, Ministry of Textiles and several other government bodies.

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**Ms. Ankita Gera**  
Associate

Ms. Gera is involved in the Research and Policy cell of the organisation. She has completed Masters in Social Work from Delhi School of Social Work, Delhi University where she interned in different organisations like NHRC, Vishwa Yuvak Kendra, Urivi Vikram Charitable Trust and Delhi Shramik Sangathan gaining experience in different areas like social justice, skill development, unorganized sector, adolescent development, community development etc. She has worked deeply in the skill development sector for underprivileged youth and also written a research study during her Masters on Patterns and Concerns in Youth Development. Adding on to her profile she has keen interest in dramatics and music and has won many accolades for the same.

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**Mrs. Avneet Kaur**  
Associate

Mrs. Kaur a Post Graduate in Finance from Symbiosis Pune, involved in providing comprehensive administrative support to facilitate entire office operations. She has more than 3 years of experience as an Accounts/Administration Professional.

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**Mr. Rishi Ram Morwal**  
Assistant

Mr. Morwal is Graduate in Political Science from Kurukshetra University. He has done Certificate course in Computers and had involved with different exports units in Panipat and Haryana. His key skills are in the area of Human research and production of handlooms sectors.

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**Mr. Amar Nath**  
Assistant

Mr. Nath has a MA degree in Sociology from Kanpur University and Graduate from Lucknow University. He is having 3 years of experience in the field of NGO.  
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**Mr. Manjesh Dhochak**  
Assistant

Mr. Dhochak pursuing B.Tech from MDU University, Rohtak. He has also undertaken industrial training in Roland Shoe Breaking, Sonipat.  
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**Mr. Vishal Srivastava**  
Assistant

Mr. Srivastava has a MA degree in Sociology from Kanpur University and Graduate from Lucknow University. He is having 3 years of experience in the field of NGO.  
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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 2013-14

The FMC achieved a turnover of Rs. 58.2 million during the financial year 2013-14. This is higher by Rs. 19 million when compared to the turnover of Rs. 39.2 million achieved in the previous financial year 2012-13. In percentage terms it is 48% higher than the turnover of the previous financial year. During the year 2013-14 the FMC had a profit of Rs. 0.13 million compared to a loss of Rs. 1.3 million generated in the financial year 2012-13.

	2011-12	2012-13	2013-14
<b>Gross Turnover (In Rs. Million)</b>	60.2	39.2	58.2
<b>Percentage Increase over previous year turnover</b>	32%	(-) 35%	48%
<b>Surplus generated/loss (In Rs. Million)</b>	6.8	(-) 1.3	0.13
<b>Surplus/Loss as % of turnover</b>	11%	(-) 3.3%	0.04%

The FMC's turnover of Rs. 58.2 million is against the target of Rs. 70 million. This achievement is 83% of the target. The FMC has an accumulated reserve surplus of Rs. 18.02 million as on March 31, 2014.

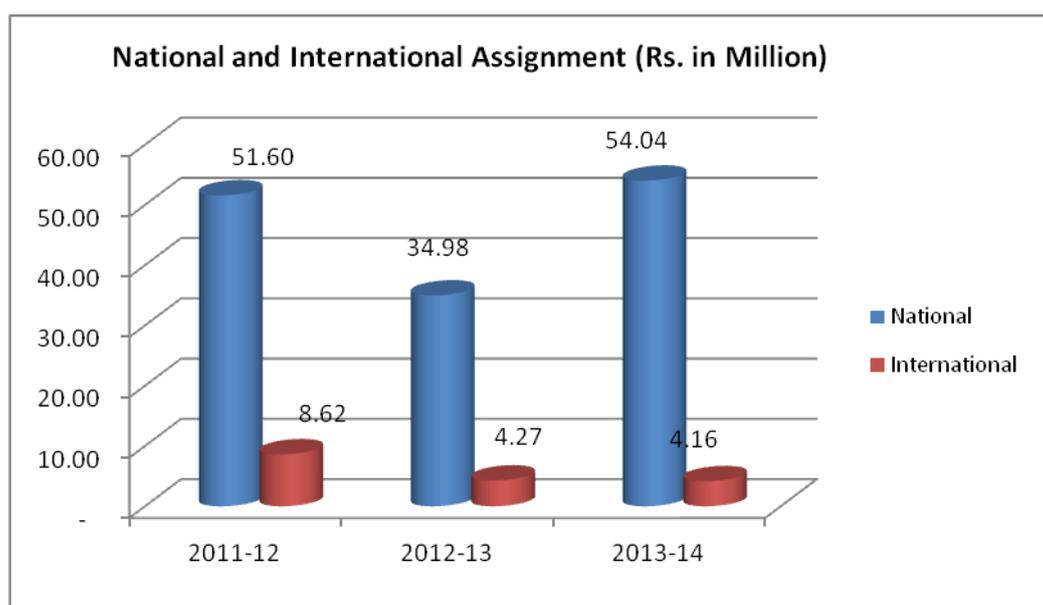
### 5.2 Analysis of business across cells

During the financial year 2013-14 the 'Energy and Environment' cell was the most dominant with a turnover of Rs. 21.77 million out of a total turnover of Rs. 58.21 million and constituted 37% percent of the total turnover. In the previous year the operations under this cell were of Rs. 14.05 million. Under the 'Training and Capacity Building' cell the turnover was of Rs. 10.81 million compared with previous year's operations of Rs. 5.22 million. The operations under the 'Policy and Research' cell was down to Rs. 3.47 million from Rs. 5.90 million, 'Productivity and Competitiveness' cell has gone up from Rs. 0.71 million to Rs. 1.72 million, 'Technology and Innovation' cell was down to Rs. 0.12 million from Rs. 5.24 million, 'Business Responsibility' cell was up to Rs. 2.60 million from Rs. 0.93 million, in the previous year. In the 'Others' category which comprises of contribution from GRI under Work Package 3 and Work Package 4 of EU Switch Asia project, the turnover went up from Rs. 5.76 million to Rs 15.96 million.

<b>Work Done in Cells ( Rs. Millions)</b>			
	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
<b>Business Responsibility</b>	5.60	0.93	2.60
<b>Energy and Environment</b>	6.63	14.05	21.77
<b>Inclusive Marketing</b>	-	0.51	0.22
<b>Infrastructure</b>	-	0.93	0.46
<b>Policy and Research</b>	2.33	5.90	3.47
<b>Productivity and Competitiveness</b>	15.50	0.71	1.72
<b>Technology and Innovation</b>	22.94	5.24	1.20
<b>Training and Capacity Building</b>	6.22	5.22	10.81
<b>Others</b>	1.00	5.76	15.96
<b>Total</b>	<b>60.22</b>	<b>39.25</b>	<b>58.21</b>

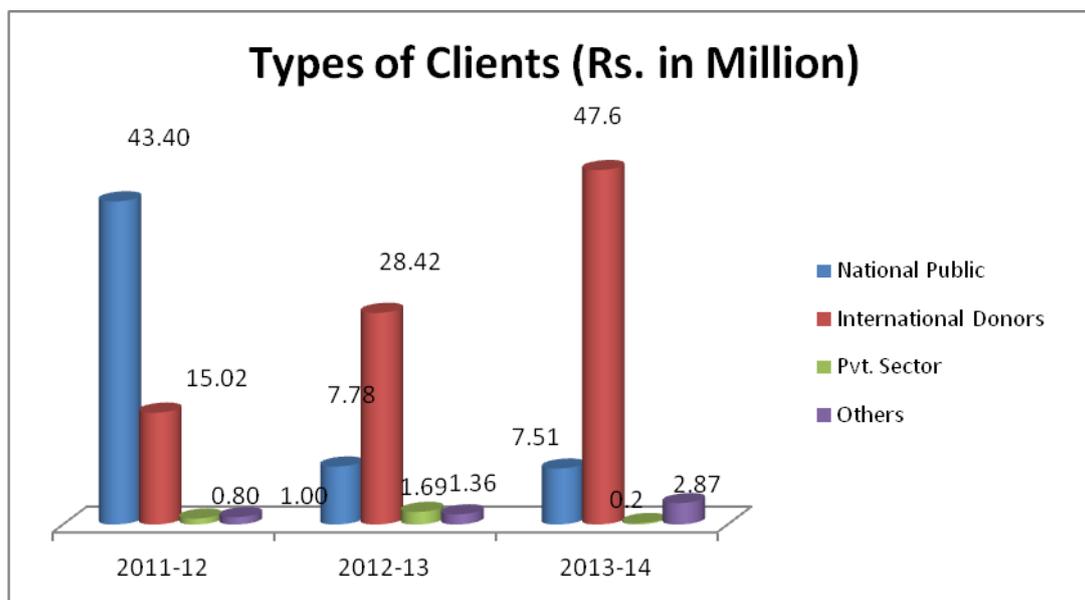
### 5.3 Analysis of Assignments undertaken at the National and International level

During the financial year, the total worth of 'National' assignments was Rs. 54.04 million compared with Rs. 34.98 million in the previous year. The national assignments constituted 93% of the turnover compared with 89% of the turnover in the previous year. Also there was a slight fall in the 'International' assignments from Rs. 4.27 million in the previous year to Rs. 4.16 million in the year under review. In the previous year the assignments from UNIDO were worth Rs. 3.2 million compared to Rs. 3.9 million in this financial year.



## 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. 47.6 million constituting 81% of the total turnover of Rs. 58.21 million. The assignments from the 'National Public' institutions which had been dominant during the past years was slightly reduced to Rs. 7.51 million from Rs. 7.78 million in the previous year. This is because FMC could not get any new big assignment from the national institutions or ministries. In the previous year, the Small Industries Development Bank of India (SIDBI) and Department of Scientific and Industrial Research (DSIR) were the major contributors for national 'public clients'. 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 a decrease in assignments from the 'private sector' during the year under review. The assignments decreased from Rs. 1.69 million in the previous year to Rs. 0.2 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 Scaling Up Sustainable Development of MSME Clusters in India

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

The Project comprising of **5 work packages (WPs)** enables the adoption of sustainable environment and social business practices across selected foundry MSME clusters; up-scales through capacity building of BMOs, introduces aggregate reporting, establishes financial linkages and supports a conducive policy environment. The project has completed 24 out of 42 months of its duration. Till now the progress of the work is quite satisfactory since the same was built on the trust developed with various local, regional and national stakeholders

**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.



Four cluster based offices are established at *Ludhiana-Jalandar, Jaipur- Ajmer, Howrah and Amritsar-Batala*. By the end of the second year the project has been able to ensure that cumulatively 128 MSMEs (project target being 500 MSMEs) have adopted clean production methods thus reducing their continued coke consumption by 6083 metric tonnes per annum (project target being 15000 MT per annum), thus reducing their carbon footprint.

The target of the project also includes improvement of workplace conditions and implementation of Occupational Health and Safety systems in 200 MSMEs. As per the project, an OHS activity consists of 3 types of interventions – occupational health (OH), occupational safety (OS) and welfare activities (WA), with each having a menu of possible activities. For the Project, we have defined that if at least one activity from any two of the above three types of interventions (OH/OS/WA) is completed in a unit, then we can consider that OHS activity has been completed in that unit as per the Project target. The project has been able to ensure that cumulatively 77 MSMEs have improved work place conditions and adopted socially friendly production methods thus impacting 2200 workers against a project target of 2000.



**Work package 2 - “Building Capacities of Business Membership Organizations (BMOs) for Sustainable Consumption and Production”**

has a target to strengthen 50 BMOs. Till now the project has trained 63 BMOs (against project target of 50). 3 sets (BMO Executives and BMO Office Bearers) against a target of 2 BMO trainings have been done and 54



executives & 63 office bearers have been trained. Training module on BMO Capacity Building developed and distributed among the participants. Three sustainability cells in the BMOs (CSBCs) have been formed and each of them has appointed their secretarial persons, who have been trained. Of these, 1 CSBC did a business of Rs 10 million this year. Major lessons have been documented.

In order to achieve the target of identifying 5 training institutions to adopt a training program for trainers, a ToT for Business Development Service Organisations (BDSOs) has been developed. We have also identified *Indira Gandhi National Open University (IGNOU)* to introduce a module ‘Promoting Rural Entrepreneurship through Cluster Approach’, that has a sub-module on Capacity Building of BMOs, both in its newly formulated (a) one year PG Diploma in Rural Entrepreneurship and Management and (b) two year Masters in Rural Entrepreneurship and Management. Attempts will also be made to rope in more institutions to introduce this programme in other training institutions, packaged with their ongoing or through creation of new programmes which are a little broader in content but addresses the issue of training of BMOs

**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 and 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.

Under this work package, the methodology has been prepared and the training material has been developed in English as well as in Hindi. Voluntary AR framework has been adopted by 2 BMOs (against project target of 4 BMOs). The training programme has been undertaken by 50 MSMEs (against project target of 100) that are expected to collect data on social & environmental performance feeding into likely implementation of at least one Aggregate Sustainability Report by at least one cluster to improve their business performance, market position and access to funds.

**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.

This work Package addresses the problem of limited availability and access to credit for sustainable production to the MSMEs. The MSMEs currently find it extremely difficult to obtain finance to train their personnel, adopt the most suitable and efficient technology and tackle the wider sustainability issues. The activities under this work package picked up pace slowly as getting small loans for the firms and fulfilling the formalities were getting difficult. But, since December 2013, we could break through by sensitizing the firms and giving them support in keeping them document-ready.

A Credit-gap mapping study of 3 foundry clusters was sub-contracted to Dun & Bradstreet Tangram Advisory Services Ltd for understanding the trends and identification of financing issues in the clusters and suggestive methods to ensure financing. A draft report has been prepared (to be finalized) based on workshop based feedbacks in this cluster. This report has identified the credit gap in the clusters and suggested means for addressing the same. Consequentially till March 2014, 16 enterprises (against a cumulative target of 100) have accessed new & existing financial products, along with public funding options equivalent to Rs 16.4 million (i.e. 205,000 Euros against project target of 2 million Euros).

**Work Package 5 - “Policy Advocacy and Dissemination”**, the package is being technically coordinated by IICA. It aims to address the enabling environment from the perspective of market and state by supporting the establishment of a conducive policy environment across cluster level intermediaries for integrating SCP.



Dissemination of learning drawn from the project has been regularly undertaken within and outside the country, leveraging upon linkages that UNIDO enjoys in several countries. National and international conferences have been attended in order to share project findings and take inputs to ensure good outreach of the project. These meetings

have been meaningful interactions with policy makers and organizations working on Sustainable production in MSMEs. Participation in these conferences and meetings ensure knowledge sharing, dissemination and networking with various stakeholders. As a result project increases its visibility, effectiveness and impact.

The highlight of the work under this package was the International Conference on **'Changing Paradigms of Cluster development'** that was organized by FMC in collaboration with UNIDO, CII and TCI network with an objective to share international experiences and provide insights for designing cluster focused policies. The two-day conference witnessed around 210 participants from more than 100 institutions and 24 countries. The participants comprised of policy makers, eminent academicians, cluster practitioners, researchers and independent consultants from across the globe. The Conference was supported by the European Union, GIZ, Indian Institute for Corporate Affairs (IICA), Inter American Development Bank, USA, Small Industries Development Bank of India (SIDBI) and the Embassy of Switzerland, New Delhi.

Efforts in the policy and institutional environment have led to 6 policy papers on policies, schemes & infrastructure support for sustainable production aspects of MSMEs in general and foundry sector in specific. Project learning documents have been shared with the local, regional, national and international public policy institutions for an informed debate and as inputs for a policy dialogue. Meetings and consultations have been done with Ministry of MSME, MCA, MoEF, DIPPP, BEE, Sameeksha; State Govt. of Punjab and West Bengal, which is an on-going process towards having a policy dialogue. Experiences have been shared internationally with countries like Palestine, Peru and Egypt. Participation in workshops/ seminars and consultations are undertaken to share learning and experiences.

The project's integrated approach enhances relevant knowledge & skills at regional levels, strengthens institutional structures together with fostering market driven incentives and building an enabling policy framework. As a result, MSMEs are enabled to exit the vicious circle they are currently in i.e. profit generation at the expense of environmental and social sustainability.

## 6.2 Other Projects

Assignment 1	
Agency	Project Name
GIZ India	SEQUA-Providing Post Training Support to selected pilot BMOs in the project
About the Project	
<p>Foundation for MSME Clusters had worked with 19 BMOs during Phase I of this project, wherein the objective was to train and provide handhold support to 25 BMOs to draw their action plan, initiate or upscale an income generating activity and link with at least one of the government schemes.</p> <p>The Phase II of the project is mainly related to the Post Training Support Activities in the intervention area of '<i>Capacity Development</i>' (C.) by the trained intermediaries viz., eight apex/national level institutes and Consultant Experts partnered to up-scale the project results. This phase of the Project is being sub-contracted to FMC by SEQUA, wherein support is being provided to 10 BMOs. The specific tasks of this intervention area which have a special relevance for this project are:</p> <ul style="list-style-type: none"> <li>• To provide continuous handholding support to intermediaries and associations in order to strengthen their secretariat and service portfolio</li> <li>• Implementation of standard business model for delivery of different services, as well as their capacity to partner with the Government in the implementation of public support schemes and programmes.</li> </ul>	
	
Duration of the project	6 months
Place	Several locations in India

<b>Assignment 2</b>	
<b>Agency</b>	<b>Project Name</b>
International Labour Organization	ILO-Exposure visit of Ethiopian Delegation
<b>About the Project</b>	
<p>The general objective of the study tour was to provide Ethiopian bankers from selected public and private financial institutions with firsthand experience on financial products and services availed to MSMEs by the Indian financial institutions (FIs) and other organizations and the experience of working in Public Private Partnerships (PPP).</p> <p>More specifically, the outputs of this study tour were:</p> <ol style="list-style-type: none"> <li>a. Learning India's experience of value chain based financing instruments,</li> <li>b. Understanding of linkage mechanisms between MSMEs and FIs,</li> <li>c. Collaborative mechanisms between FIs and other developmental organizations working on improving access to finance for MSMEs,</li> <li>d. Understanding the role played by federal and local governments both in promoting conducive policy framework and putting in place supportive financial packages,</li> <li>e. Discussing success factors and challenges encountered with the various arrangements discussed above with private and public sector entities</li> </ol> <p>It is expected that these outcomes will help the representatives of the Ethiopian FIs in their efforts to initiate, develop and promote new financial products and services for the MSME sector so that access to finance for the latter is improved.</p>	
<b>Duration of the project</b>	10 days
<b>Place</b>	New Delhi, India

### Assignment 3

Agency	Project Name
Industrial Promotion and Development Company of Bangladesh Limited	IPDC Bangladesh-Study tour of Bangladesh Delegation

#### About the Project

The broad objective of the exposure visit was to provide Bangladesh bankers a firsthand experience on financial products and services availed to MSMEs by the Indian financial institutions (FIs) and other organizations and the experience of working in Public Private Partnerships (PPP).

The specific outputs of this exposure visit were:

- Understand linkage mechanisms between MSMEs and FIs,
- Understanding collaborative mechanisms between FIs and other developmental organizations working on improving access to finance for MSMEs,
- Understanding of the role played by central government both in promoting conducive policy framework and putting in place supportive financial packages,
- Discussing success factors and challenges encountered with the various arrangements discussed above with private and public sector entities,
- Understanding the entire methodology adopted in promoting sustainability among MSMEs through linking foundry cluster stakeholders in Ludhiana, Phagwara, Jalandhar from Punjab and Ajmer and Jaipur in Rajasthan with National Banks like Canara Bank, Punjab National Bank, State Bank of India and State Bank of Patiala. Under the European Union Switch Asia project implemented by Foundation for MSME Clusters (FMC), GIZ, Global Reporting Initiative (GRI), Indian Institute of Corporate Affairs (IICA), Small Industries Development Bank of India (SIDBI) and United Nations Industrial Development Organization (UNIDO).



It is expected that these outputs will help the representatives of the IPDC in their efforts to initiate, develop and promote new financial products and services for the MSME sector so that access to finance for the latter is improved.

<b>Duration of the project</b>	5 Days
<b>Place</b>	New Delhi

<b>Assignment 4</b>	
<b>Agency</b>	<b>Project Name</b>
<b>IED-Lucknow</b>	<b>IED-Training Program at Lucknow</b>
<b>About Project</b>	
<p>Five training programmes of 2 days each were organized for staff members of the Institute of Entrepreneurship Development and District Industries Centre officials. A Cluster Development Programme was organized for understanding of MSME Clusters and Cluster Approach. The elements of the Training Programme were:</p> <ul style="list-style-type: none"> <li>• Understanding Cluster Approach</li> <li>• Diagnostic Study</li> <li>• Action Plan</li> <li>• Detailed Project Report</li> </ul>	
<b>Duration of the project</b>	2 months
<b>Place</b>	Lucknow

<b>Assignment 5</b>	
<b>Agency</b>	<b>Project Name</b>
UNIDO	Study Tour to Chennai Footwear Cluster for Iranian Delegation
<b>About the Project</b>	
<p>Indian Leather Industry Foundation (ILIFO) was engaged by FMC for organizing the exposure visit of Iran delegation to Chennai (Tamil Nadu) footwear cluster from 23 to 27 September 2013. The group consisted of ten delegates from Iran, one from Afghanistan and two delegates from UNIDO, Vienna. Four of them were project staff including Mr. Adnan Seric (Project Manager - UNIDO), Mr. Nima Bahramalian (Consultant UNIDO) and two CDAs</p>	

from Mashhad (Iran) and Herat (Afghanistan). There were three delegates from the Iran Small Industries and Industrial Parks Organization (ISIPO) which is the technical counterpart of the project. The other four delegates were the members of Mashhad Footwear Business Association, including the head of the Association. The team was on exposure visit to Chennai Footwear Cluster as a part of Cluster Development Program being implemented in Mashhad Footwear cluster (comprising Mashhad in Iran and Herat province in Afghanistan) by UNIDO.

<b>Duration of the project</b>	5 Days
<b>Place</b>	New Delhi

### Assignment 6

<b>Agency</b>	<b>Project Name</b>
Palestine economic Policy Research Institute	MAS- Palestine Training Program

### About the Project

The Palestine Economic Policy Research Institute (MAS) was founded in Jerusalem that has been instrumental in socio-economic development in Palestine. To further enhance the developmental activity in the country, MAS is keen to introduce the cluster development approach as a tool for MSMEs, for which a training programme on Cluster Development Approaches was envisaged. The participants of the program comprised of the senior civil servants and academicians who can create a strategy for cluster development initiatives in Palestine. The FMC shared its experiences of cluster development in general and findings from the EU funded project on scaling up of sustainable production in MSME clusters.

<b>Duration of the project</b>	7 days
<b>Place</b>	Palestine

## Assignment 7

### Agency

Government of West Bengal

### Project Name

Synergy Meet MSME 2013

### About the Project

As a cluster development service provider, FMC participated in a five day mega event “Synergy MSME 2013” event from 18-22 September 2013, organized by Department of Micro & Small Scale Enterprises & Textiles, Government of West Bengal. The event was conceptualized to provide multi-



dimensional, interactive and customized solutions to the business needs of the state’s micro, small and medium enterprises. And the cluster development clinic by FMC was meant to address cluster development related support needed by MSMEs and their support stakeholders. BMOs from West Bengal also participated and the learning from Work Package 2(BMO Capacity building) of EU funded project on SSCP was shared among the participants.

Around 400 visitors visited the cluster development clinic during the meet; of which 258 visitors had meaningful bilateral interactions with FMC representatives. Total number of enquires answered by FMC representatives was 684. The subject of enquiries were related to cluster, cluster development program & its benefits, different types of cluster, government programme for clusters, sectoral division of clusters, cluster map, cluster profile, etc. 15 new potential clusters were identified during the event after discussion with concerned stakeholders, of which some of the important names are are- Readymade garments cluster of Metiabruz, Howrah, jute product manufacturing cluster of Belgachia, Krishnanagar pottery cluster, fish harvesting and processing cluster, Howrah, etc.

### Duration of the project

5 Days

### Place

Kolkata, West Bengal, India

Assignment 8	
Agency	Project Name
Karnataka Council for Technology Up-gradation (KCTU)	KCTU-Training Program at Bangalore
About the Project	
<p>Karnataka Council for Technology Up-gradation (KCTU), Government of Karnataka entrusted FMC with the task of providing training to the state Government officials under the programme “<b>Stimulating cluster development in the State of Karnataka</b>”. FMC was instructed to organize 4 programmes, one each in Bangalore, Mysore, Belgaum and Gulbarga zones, of which the first training programme from 9<sup>th</sup> to 11<sup>th</sup> December, 2013 for Bangalore Zone was successfully completed. A total 35 officials from Director of industries, Karnataka State Small Industries Development Corporation, KCTU, and Technical Consultancy Organisation of Karnataka (TECSOK) have participated in the programme. The training was well appreciated by the participants.</p>	
<b>Duration of the project</b>	3 days
<b>Place</b>	Bangalore (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	
<p>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</p>	

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 Reports were prepared by UNIDO staff with inputs from FMC expert. FMC also sensitized government officials connected with the project and development institutions to support cluster development initiative in the country. In addition, the technical guidance of FMC to build technical expertise to develop energy efficient beer cook stoves, motivating beer producing women to replace old cook stoves with improved cook stoves (ICS) was successfully done, tie up with financial institutions for loans to install cook stoves, promoting associations to undertake technology up gradation (installing improved cook stoves) and other common activities and Action Plan based on these strategies has worked successfully. All these inputs led to the following outcomes.

- 1) As at the end of this financial year about 80 ICS have been installed in all the 4 clusters
- 2) 25 Associations have been promoted in the cluster and they are actively involved in technology up gradation and other common activities
- 3) Tie up with 2 financial institutions established to enable women brewers to get loans on easy terms and conditions
- 4) Awareness created among all women brewers on the importance and advantages of ICS in place of old stoves
- 5) Significant improvements made in hygiene in work place and in production and delivery of beer to customers

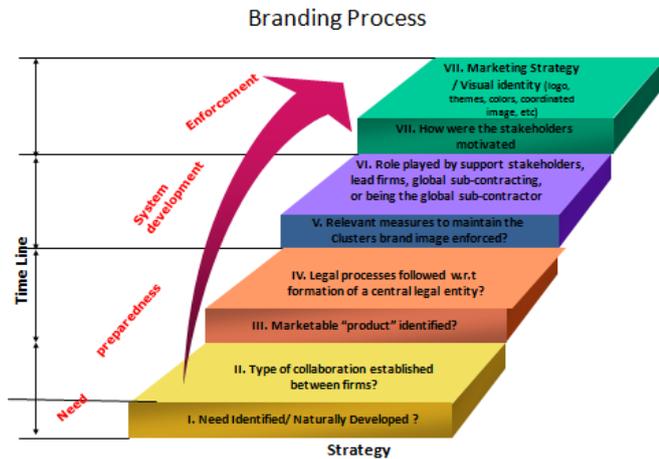
<b>Duration of the project</b>	Ongoing
<b>Place</b>	Burkina Faso (West Africa)

<b>Assignment 10</b>	
<b>Agency</b>	<b>Project Name</b>
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)
<b>About the Project</b>	
<p>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 and helped formulating possible scheme/ policy strategy for promoting cluster development program in T&amp;T.</p>	
<b>Duration of the project</b>	14 months
<b>Place</b>	Trinidad and Tobago

<b>Assignment 11</b>	
<b>Agency</b>	<b>Project Name</b>
Small Industries Development Bank of India (SIDBI)	Study on Feasibility of Developing Cluster based Brands to improve the competitiveness of MSMEs.
<b>About the Project</b>	
<p>To undertake a strategic study for cluster based Brand building at international and national level to improve the competitiveness of MSMEs.</p> <p>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.</p>	

The major outcomes of the project were:

- A newly devised systematic methodology was developed and used for screening successful international cases and analysis to draw learning for Indian cases. Potential Indian clusters for branding were identified and branding strategy suggested
- Consolidated report was prepared indicating the potential, hurdles, and also suggesting an appropriate policy strategy to promote cluster based brand. Moreover, available funding sources through schemes were analyzed and further policy support/funding requirements were highlighted.



<b>Duration of the project</b>	4 months
<b>Place</b>	New Delhi, India

<b>Assignment 12</b>	
<b>Agency</b>	<b>Project Name</b>
DIE/ German Development Institute (GDI), Germany	MSE Upgrading Study - To provide research support in field data collection

**About Project**

The German Development Institute (DIE) in Bonn is one of the world's leading Think Tanks in development policy. As part of the institute's yearly Postgraduate Course, four Country Working Groups were formed to allow German students to conduct research on a pressing developing country issue. This year, one of the Country Working Groups of the 49th Post graduate course in collaboration with



FMC, worked on assessing the efficiency effects of two regulatory reforms impacting the marketing chain of fruits and vegetables in Tamil Nadu, Andhra Pradesh and Kerala: the APMC Act and retail FDI Liberalisation. In their institute in Bonn, Germany, FMC expert guided the team of DIE in conceptualising and preparing methodology of the study and subsequently in India, it facilitated the entire field study.

The DIE Country Working Group spent a total of 11 weeks in India for in depth interviews with various stakeholders involved in two major vegetable chains, viz- Tomato and Potato in Andhra Pradesh. The team leader of DIE with FMC experts also did a quick study in Delhi, Tamil Nadu and Kerala. Of the total duration of the project, six to seven weeks were spent for primary data gathering and three to four weeks for data analysis and preliminary write up including presentation of results to local research partners.

The research developed a model combining institutional economic analysis and political economic analysis to compare Andhra Pradesh, Tamil Nadu and Kerala in 1) the political economic motivations behind differences in reception to a policy change 2) the power relationship between political and economic elites and 3) the impending income changes that would occur as a result of the policy change. A book (DIE Study Series) was also published based on the research.

<b>Duration of the project</b>	3 Months
<b>Place</b>	Andhra Pradesh and Delhi (India)

<b>Assignment 13</b>	
<b>Agency</b>	<b>Project Name</b>
Small Industries Development Bank of India (SIDBI)	Non-financial gap assessment in 5 MSME clusters
<b>About Project</b>	
The issue of availability of adequate credit, more particularly to those who are excluded and need to be inclusive, has been addressed by a number of committees including PM's Task Force for MSMEs. Similarly, the non-credit needs (access to strategic services including training, capacity building, skill improvement, marketing inputs, product development, productivity enhancement, design, common facilities, credible information access etc.) have been identified	

from time to time by several working groups including the 11 sub groups of Ministry of MoMSME which dealt with both credit and non credit needs of MSMEs.

It has been observed that the balanced approach towards both credit and non credit needs strengthens the eco system for MSMEs. In view of this, the SIDBI entrusted FMC with the study on doing non-financial need assessment in 5 clusters, viz- Jodhpur Furniture, Mysore Furniture, Bhagalpur Textiles, Gangtok Tourism and Hyderabad Pharma. FMC did detailed studies in these 5 clusters and based on the assessment of the need (including Business Development Services) both at micro and macro level, area of interventions were suggested to improve competitiveness of MSMEs in the clusters through appropriate BDS market development strategy.

<b>Duration of the project</b>	2 months
<b>Place</b>	Jodhpur, Mysore, Bhagalpur, Gangtok and Hyderabad (India)

#### Assignment 14

<b>Agency</b>	<b>Project Name</b>
University of Geulph	Undertake the necessary research to develop publications related to the SSHRC-funded research Project " Diffusion of Innovation among MSMEs case Studies from India"

#### About Project

The study in collaboration with the University of Guelph, Canada is being undertaken to develop case studies related to "Diffusion of Innovation among MSMEs, in India" as part of a SSHRC fund research project.

Two papers based on the case studies are in the process of development that speak on Environment related Innovation and its diffusion among MSMEs. In India: Learning from EU-funded Project on "Scaling up Sustainable Development of MSME Clusters in India" have also been used in the study.

<b>Duration of the project</b>	Ongoing
<b>Place</b>	India

<b>Assignment 15</b>	
<b>Agency</b>	<b>Project Name</b>
Hannover Milano Fairs India Pvt Ltd. (HMFI)	Support training Programme of BMOs & marketing activities for WIN INDIA
<b>About Project</b>	
<p>Participating in exhibitions is one of the important tools for marketing of the products manufactured by industries. In this context, the FMC joined hands with Hannover Milano Fairs India Pvt. Ltd (HMFI) with the objective of introduction of private sector BDS providers to the BMOs of India for promotion of industries through participation in exhibition organised by HMFI. HMFI is part of the largest exhibition organizer in the world with more than 100 industrial trade fairs globally, including 5 in India. With FMC's support, more than 100 industries from at least 20 BMOs participated in the exhibition during 1 month project period.</p>	
<b>Duration of the project</b>	1 month
<b>Place</b>	Jaipur, Rajasthan, India

<b>Assignment 16</b>	
<b>Agency</b>	<b>Project Name</b>
ACC Cement Works, Lakheri	ACC-Women Empowerment Project
<b>About Project</b>	
<p>Objective of the project is to promote women empowerment by providing them market led skill development support. During 12 months of project time period, 180 women have to be trained in new craft and a market linkage of Rs 2 lakh will be provided. Implementation has been initiated since February 2014 and within these 2 months, 40-45 women have been mobilized and they are undergoing skill development training in new craft.</p>	
<b>Duration of the project</b>	12 Months
<b>Place</b>	Lakheri, Rajasthan, India

<b>Assignment 17</b>	
<b>Agency</b>	<b>Project Name</b>
West Bengal Government	Support for setting up of common facilities in West Bengal and Odisha
<b>About Project</b>	
<p>Directorate of Micro &amp; Small Scale Enterprises (DMSSE), Government of West Bengal has appointed FMC as the Project Management Consultant (PMC) for development of clusters in the state. FMC as one of the empanelled PMSs, will carry out appropriate studies, prepare necessary reports, capacity building and provide project management services for implementation of cluster development programme, in accordance with the guidelines of Micro and Small Enterprises Cluster Development Program (MSE CDP) of Ministry of Micro Small and Medium Enterprises, Government of India (GOI). During the initial phase, FMC has been appointed as PMC for <b>Birdman Rice Mill Cluster; Darjeeling Woollen garments cluster, Siliguri Lead Acid Battery Cluster, Purulia Shellac and Hand drill tool clusters</b> which are under various stages of implementation.</p> <p>In addition, FMC has also been selected as one of the preferred consultants for providing end to end services in the area of cluster development by Director of Industries, Government of Odisha. FMC is expected to offer the services in the form of selection of potential clusters, preparation of pre diagnostic survey reports, detailed Diagnostic Survey Reports (DSRs), formation and strengthening of SPVs, preparation of Detailed Project Reports (DPRs) for hard interventions besides providing handholding services to SPVs in establishment of hard interventions. Three clusters were entrusted to FMC for providing end to end services during the first phase which are <b>Sambalpur Rice Mill, Jharsuguda and Rourkela General Engineering</b> cluster with an expected income of Rs. 50 lakhs spread across 18 months. 50 micro and 140 small enterprises are expected to be benefitted during the project period affecting income levels of at least 3000 workers.</p>	
<b>Duration of the project</b>	18 months
<b>Place</b>	West Bengal and Odisha

## Assignment 18

Agency	Project Name
Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology	Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology for providing assistance to clusters in Hyderabad, Ludhiana, Howrah & Jaipur.

### About the Project

The FMC and Rajasthan Chamber of Commerce & Industry (RCCI) with the support of Department of Scientific and Industrial Research (DSIR), Government of India have organized the 4th DSIR workshop on 27th March 2014 in Rajasthan Chamber Bhawan to facilitate acquisition and development of technologies relevant to Indian industries, especially MSMEs through a recently launched DSIR scheme titled "Patent Acquisition and Research Collaboration and Technology Development (PACE)". In this workshop FMC's learning from the EU funded project on SSCP were shared. Initiatives required on Energy Efficiency, Productivity, Waste Management etc were also discussed and our experience from the on-going work was shared with the enterprises. Enterprises from various other clusters and sectors participated and brought out several requirements that they have, pertaining to sustainable production, warranting attention & support from Government of India.

There were approximately 75 participants at the workshop which include representatives from industries like engineering, mining, food processing, gems & jeweller, S&T communities like IIT Kanpur, CSIR CEERI, CSIR-NPL, AMITY University, DFRL-DRDO etc along with other Government officials. 40 different technologies have been showcased while requirement has come for 15 technologies from industries.

Similar activities were also conducted in Ludhiana on 14th November 2013 with 101 participants and at Howrah on 19th December 2013 with 98 participants. Earlier in the year, a programme was also organised in Hyderabad, largely focussing on Pharmaceutical industries.

<b>Duration</b>	1 Day each
<b>Place</b>	Hyderabad, Ludhiana, Howrah, Jaipur

<b>Assignment 19</b>	
<b>Agency</b>	<b>Project Name</b>
NID	NID-Design Clinic Scheme for NAS
<b>About Project</b>	
<p>Under the work package 1 of the EU funded project on SSCP, identifying options for sustainable design need to be explored. These options must be using renewable energy sources and lead to productivity enhancement. The change in process and products could bring about the energy conservation in a radical manner. Process and product re-design is one of the ways to establish resource conservation in emphatic and cost effective manner. Government of India provides support under its Design Clinic Scheme managed by Ministry of MSME (MoMSME). As part of this NID programme, FMC organized 2 Sensitization workshops in Ludhiana and Phagwara in the month of November and December. Subsequently, a Need Assessment Survey (NAS) was conducted in these two foundry clusters (Diesel Engine Cluster, Phagwara and Ingot Mould Cluster, Ludhiana). This NAS addressed the challenges of these clusters and recommended some Design related projects which could benefit these clusters. 4 projects were prepared and 2 of them were approved by MoMSME, GOI for funding, i.e. Solar Core Drying Oven and Ingot Core making process design.</p>	
<b>Duration</b>	Ongoing
<b>Place</b>	Ludhiana, Phagwara (both in Punjab)

<b>Assignment 20</b>	
<b>Agency</b>	<b>Project Name</b>
SIDBI	Scaling up CSR activities among Foundry clusters to improve Occupational Health & Safety (OHS) interventions
<b>About Project</b>	
<p>This project is sanctioned by Small Industries Development Bank of India (SIDBI) providing financial leverage in the ongoing EU Switch Asia project named, "Scaling up sustainable development of MSME Clusters in India". SIDBI has sanctioned the grant for the execution of specified two CSR interventions mentioned below:</p> <ol style="list-style-type: none"> <li>1. Health Examination of 2000 workers among foundry clusters</li> <li>2. Insurance of 1000 foundry workers</li> </ol> <p><b>Some major activities under the project:</b></p> <ol style="list-style-type: none"> <li>(I) Examination the health status of workers on a specified format</li> <li>(II) Provision free medicines as curatives</li> <li>(III) Individual sensitization by doctors to adopt preventives</li> <li>(IV) Workers sensitization in a group to adopt better practices</li> <li>(V) Training related to relevant and most effective ergonomics</li> <li>(VI) Workers sensitization against tobacco usage</li> <li>(VII) Workers sensitization on usage of personal protective equipments.</li> <li>(VIII) Provide insurance to workers and their family members (1000 workers)</li> </ol> <p>While the work on health examinations progressed quite satisfactorily, it is expected that the insurance work will pick up momentum in the next year with the ground work already completed and sensitisation done.</p>	
<b>Duration</b>	14 months
<b>Place</b>	Punjab & Rajasthan (India)

*Auditor's Report*  
*&*  
*Audited Statement*  
*of Accounts*

# 7. Auditors' Report and Audited Statement of Accounts for the Financial Year 2013-14



**Amrit Paul Singla & Associates**  
Chartered Accountants

H.O.: Above Singla Radio & Cycle Store  
Jawaherkea Road, Mansa Mandi  
Punjab 151 505 Tel.: 01652-233284  
B.O.: L-38, Vijay Chowk, Laxmi Nagar,  
Delhi 110 092 Tel.: + 91 11 22532160  
Mobile: + 91 9350302837  
E.mail:apsaca@gmail.com  
www.casingla.com

## AUDITORS, REPORT

We have examined the Balance Sheet of **FOUNDATION FOR MSME CLUSTERS**, USO House, 2nd Floor, USO Road, Off Shaheed Jeet Singh Marg, 6 Special institutional Area, New Delhi-110067, as at 31<sup>st</sup> March, 2014 and the Income & Expenditure Account for the year ended on that date which are in agreement with the books of account maintained by the said Trust.

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

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

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

- I. In the case of the Balance sheet, of the affairs of the above named Trust as at 31<sup>st</sup> March, 2014 and
- II. In the case of Income and Expenditure Account, of the excess of Income over Expenditure for the accounting period ending on 31<sup>st</sup> March, 2014

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



  
(AMRIT PAUL SINGLA)  
Partner  
Membership No.93695

Place: **NEW DELHI**  
Dated: **18.07.2014**

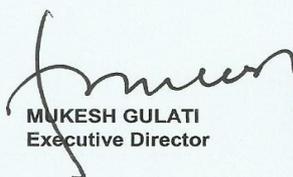
## BALANCE SHEET AS ON 31st March 2014

**FOUNDATION FOR MSME CLUSTERS (FMC)**  
 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, 2014**

<b>SOURCES OF FUNDS:</b>	<b>SCHEDULE</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>CAPITAL FUND</b>			
Corpus Fund		5,000	5,000
Reserve Fund	A	18,130,792	18,001,357
Fixed Assets Fund	B	2,073,572	1,345,466
<b>TOTAL (₹)</b>		<b>20,209,364</b>	<b>19,351,823</b>
<b>APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS</b>			
(A) Gross Block	C	2,594,704	1,958,144
(B) Less : Depreciation		166,489	293,400
(C) Net Block		2,428,215	1,664,744
<b>INVESTMENT</b>			
Equity in Sutra Handicrafts Private Limited		1,000,000	1,000,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(A) Cash & Bank Balance	D	16,562,357	17,104,364
(B) Loans & Advance		2,807,761	2,416,888
(C) Amount Receivable		5,745,426	3,576,375
		25,115,544	23,097,627
<b>Less :CURRENT LIABILITIES &amp; PROVISIONS</b>			
(A) Liabilities	E	8,199,224	6,380,548
(B) Provisions		135,171	30,000
		8,334,395	6,410,548
<b>Net Current Assets</b>	<b>D-E</b>	<b>16,781,149</b>	<b>16,687,079</b>
<b>TOTAL (₹)</b>		<b>20,209,364</b>	<b>19,351,823</b>

For FOUNDATION FOR MSME CLUSTERS (FMC)

  
**MUKESH GULATI**  
 Executive Director



PLACE : NEW DELHI  
 DATED : 18.07.2014

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



  
**AMRIT PAUL SINGLA**  
 Partner  
 Membership No.093695

# INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING ON 31ST MARCH, 2014

**FOUNDATION FOR MSME CLUSTERS (FMC)**  
**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, 2014**

EXPENDITURE	Current Year	Previous Year	INCOME	Current Year	Previous Year
To Legal & Professional fees	221,000	245,165	By Consultancy Charges	12,546,783	9,511,365
To Audit Fees	39,326	30,000	By Miscellaneous Income	285,353	109,092
To Annual Retreat Meeting Expenses	-	165,251	By GIZ Grant	-	1,250,131
To Bank Interest & Charges	106,554	1,281	By Grant Received in the FY 2013-14 :-		
To Board of Trustees' Meeting Expenses	164,250	229,234	i) DSIR, Govt of India	1,100,000	
To Books & Periodicals	29,309	31,939	ii) Small Industries Development Bank of India	1,675,000	
To Bonus & Rewards	197,284	36,098	iii) Indian Institute of Corporate Affairs' (IICA)	1,000,000	
To Repair & Maintenance	176,088	162,908	IV) Swiss Development Corporation (SDC)	897,000	
To Salaries Paid	17,209,771	16,914,501		4,672,000	
To Consultancy Paid	10,029,280	4,413,217	Add : Fixed Asset grant to the extent		
To Grant/ Proposal for Innovation	-	1,008,499	recognised as revenue	114,050	
To Expenditure ( through GRI in			By European Union Grant Unspent amount		
European Union Project)	6,666,181	3,500,425	(carried forward from the year 2012-13)	2,475,613	
To EPF Contribution of FMC	1,010,336	1,044,769	Add : EU Grant Received in FY 2013-14	42,747,281	
To EPF Processing & Admin Charges	86,364	66,232	Add : Bank Interest adjusted in Grant	768,797	
To Honorarium	139,500	203,000		45,991,691	
To Membership & Participation fees	54,345	67,099	Less : Unspent amount ( Earmarked for the		
To Miscellaneous Expenses	99,312	204,181	the year 2014-15)	5,672,002	
To Office Expenses	452,166	463,091	Less : Grant for Fixed Assets capitalised	853,656	
To Postage & Courier Expenses	64,095	72,191		39,466,033	21,648,795
To Printing & Stationery	404,573	258,980	By Interest from Savings Bank Account	38,111	
To Quarterly Review Meeting	183,371	339,117	By Interest On Bank Fixed Deposit	930,793	
To Office Rent	2,292,120	2,031,710	By Interest On Loan with SUTRA	149,386	
To Community Welfare Expenses	5,000	29,762		1,118,290	1,216,583
To Contingency Expenses	576,440	791,232	By Foreign Exchange Difference	-	25,552
To Employees' Welfare Expenses	449,139	336,189	By Sale of Fixed Assets	11,500	12,000
To Capacity Building Expenses	15,925	160,026	By Expenditure over Income t/d to		
To Stipend & Internship Expenses	10,000	150,500	Reserve & Surplus	-	1,286,826
To Telephone, Fax & Internet Charges	752,488	618,405			
To Tours & Travels Expenses	7,805,509	4,705,739			
To Training & Exposure Visit Expenses	1,983,898	171,608			
To Short & Excess	1	4,811			
To Foreign Exchange Difference	7,685	-			
To Water & Electricity Charges	203,070	209,040			
To Workshop Expenses	4,557,422	1,496,943			
To Website Development & Maintenance	83,295	65,550			
To Unrecoverable balance w/off	1,831,248	16,532			
To Depreciation	166,489	293,400			
To W/off- Fixed Assets	11,741	-			
To Income over Expenditure t/d to					
Reserve & Surplus	129,435	-			
<b>TOTAL ₹.....</b>	<b>58,214,008</b>	<b>40,538,625</b>	<b>TOTAL ₹.....</b>	<b>58,214,008</b>	<b>40,538,625</b>

For FOUNDATION FOR MSME CLUSTERS (FMC)

**MUKESH GULATI**  
Executive Director

PLACE : NEW DELHI  
DATED : 18.07.2014



As per our separate report annexed of even date  
For **AMRIT PAUL SINGLA & ASSOCIATE'S**  
Chartered Accountant  
FRN.014799N



**AMRIT PAUL SINGLA**  
Partner  
Membership No.093695

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

<u>PARTICULARS</u>	<u>AMOUNT (₹)</u>
	<u>31.3.2014</u>
<b><u>SCHEDULE-A</u></b>	
<b><u>RESERVE FUND :</u></b>	
Balance as per previous Balance Sheet	18,001,357
Add: Excess of Income over Expenditure	<u>129,435</u>
<b>Total (₹)</b>	<b><u>18,130,792</u></b>
<b><u>SCHEDULE-B</u></b>	
<b><u>FIXED ASSETS FUND:</u></b>	
Balance as per previous Balance Sheet	1,345,466
ADD : Fixed Assets purchase from Grant this year	<u>853,656</u>
Deferred Grant for Fixed Assets	2,199,122
Less : Sale/writt-of	11,500
Less : Transferred to Revenue	<u>114,050</u>
<b>Total (₹)</b>	<b><u>2,073,572</u></b>

For FOUNDATION FOR MSME CLUSTERS (FMC)



*Mukesh Gulati*  
**Mukesh Gulati**  
**Executive Director**



**FOUNDATION FOR MSME CLUSTERS (FMC)**  
**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 31.3.2014**

NAME OF ASSETS	W.D.V AS ON 1st APRIL, 2013	ADDITION/ (DISPOSAL)		TOTAL	DEPRECIATION	W.D.V AS ON 31st MARCH, 2014
		Before Sep, 13	After Sep, 13			
Air Conditioners	26,406	14,562	-	40,968	6,145	34,823
Computer	3,272	-	(3,272)	-	-	-
Furniture & Fixture	160,030	-	-	160,030	16,003	144,027
Biometric Machine	-	-	18,488	18,488	1,387	17,101
Inverter SUKAM	-	49,200	-	49,200	7,380	41,820
Office Fixture & Fittings	67,179	-	-	67,179	6,718	60,461
Hard disc	-	7,100	-	7,100	4,260	2,840
TFT	-	-	6,195	6,195	1,859	4,337
UPS	8,974	4,000	-	12,974	1,946	11,028
Vending Machine	22,352	-	-	22,352	3,353	18,999
Laptops	3,533	-	(3,533)	-	-	-
Wireless Router	4,936	-	(4,936)	-	-	-
USB Modem (Tata Indicom)	22,596	-	-	22,596	3,389	19,207
<b>TOTAL- (A)</b>	<b>319,278</b>	<b>74,862</b>	<b>12,942</b>	<b>407,082</b>	<b>52,440</b>	<b>354,643</b>

**DST FUND FIXED ASSETS AS ON 31.3.2014**

NAME OF ASSETS	W.D.V AS ON 1st APRIL, 2013	ADDITION/ (DISPOSAL)		TOTAL	DEPRECIATION	W.D.V AS ON 31st MARCH, 2014
		Before Sep, 13	After Sep, 13			
Air Conditioners	121,724	-	-	121,724	18,259	103,465
Camera	19,727	-	-	19,727	2,959	16,768
Computers	23,674	-	-	23,674	14,204	9,470
Comfar III	8,040	-	-	8,040	4,824	3,216
Laptop	103,178	(11,500)	-	91,678	55,007	36,671
LED- LG 22"	11,794	-	-	11,794	7,076	4,718
Laser Jet Printer (HP)	12,747	-	-	12,747	1,912	10,835
LCD Projector (Panasonics)	24,460	-	-	24,460	3,669	20,791
Polycom Sound System	20,677	-	-	20,677	3,102	17,575
Furniture & Fixture	30,375	-	-	30,375	3,038	27,338
<b>TOTAL-(B)</b>	<b>376,396</b>	<b>(11,500)</b>	<b>-</b>	<b>364,896</b>	<b>114,049</b>	<b>250,847</b>

**EU FUND FIXED ASSETS AS ON 31.3.2014**

NAME OF ASSETS	W.D.V AS ON 1st APRIL, 2013	ADDITION/ (DISPOSAL)		TOTAL	DEPRECIATION	W.D.V AS ON 31st MARCH, 2014
		Before Sep, 13	After Sep, 13			
Motor Bikes	319,785	-	123,695	443,480	-	443,480
Crockeries	5,040	-	-	5,040	-	5,040
Furniture & Fixtures	95,720	1,800	28,100	125,620	-	125,620
Laptops	257,388	88,571	234,119	580,078	-	580,078
Computers	76,450	-	29,990	106,440	-	106,440
Printers	13,357	-	12,000	25,357	-	25,357
Wireless Router	5,700	-	-	5,700	-	5,700
USBs (Data Card)	8,354	5,250	2,730	16,334	-	16,334
Cameras	34,728	-	19,545	54,273	-	54,273
Air Conditioners	112,706	48,097	37,440	198,243	-	198,243
Cupboard	5,100	-	12,000	17,100	-	17,100
LCD Projector (Banq)	-	-	50,000	50,000	-	50,000
Spare parts, PPEs, FABS	-	-	133,054	133,054	-	133,054
Fax Machine	-	-	7,778	7,778	-	7,778
Fans	-	2,337	-	2,337	-	2,337
Water Filter	2,000	-	2,350	4,350	-	4,350
Invertors	32,742	-	14,800	47,542	-	47,542
<b>TOTAL-(C)</b>	<b>969,070</b>	<b>146,055</b>	<b>707,601</b>	<b>1,822,726</b>	<b>-</b>	<b>1,822,726</b>
<b>TOTAL-(A+B+C)</b>	<b>1,664,744</b>	<b>209,417</b>	<b>720,543</b>	<b>2,594,704</b>	<b>166,489</b>	<b>2,428,215</b>



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

<u>PARTICULARS</u>	<u>AMOUNT (₹)</u>	
		31.03.2014
<b><u>SCHEDULE-D</u></b>		
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
<b><u>CURRENT ASSETS</u></b>		
<b><u>Bank balance with a Scheduled Bank (Axis Bank Ltd)</u></b>		
A/c-357010100007429	30,854	
A/c-357010100042291 (FCRA)	5,602,526	5,633,380
Fixed Deposits-Axis Bank Ltd		10,928,977
<b>Total (₹)</b>		<b>16,562,357</b>
<b><u>Loans &amp; Advances</u></b>		
Income tax deducted at source	1,272,201	
Income tax deducted at source (FCRA)	145,533	
Service Tax Input credit	31,042	
Security Deposit ( Howrah Office)	50,000	
Security Deposit ( Jaipur Office)	22,000	
Security Deposit ( Batala Office)	30,000	
Unique Motors (FCRA)	5,590	
Johnson Electricals ( FCRA)	40,091	
Receivable from Staff Members (FCRA)	61,046	
Receivable from Staff Members	25,000	
Prepaid Rent ( N Delhi Office)	60,000	
Imprest Account (FCRA)	18,913	
Imprest Account	31,345	
Sutra Haniducrafts Private Limited	1,000,000	
Security Deposit (Photocopier)	15,000	2,807,761
<b><u>Amount Receivable :</u></b>		
ACC Limited	248,129	
SVGOMICL, Vijayawada	352,455	
Indian Institute of Corporate Affaires (IICA)	1,000,000	
Hanover Milano Fairs India Pvt Ltd	50,562	
Karnataka Council for Technological Upgradation (KCTU)	87,330	
Department of Scientific and Industrial Research (DSIR)	100,000	
Knitwear Apparel	56,180	
National Institute of Design (NID)	45,316	
Small Industries Development Bank of India (SIDBI)	2,460,904	
NI MSME, Hyderabad	41,983	
Sequa GgmbH Liason Office (India)	525,549	
United Nation Industrial Development Organization (UNIDO)	777,018	5,745,426
<b>Total (₹)</b>		<b>8,553,187</b>
<b><u>SCHEDULE-E</u></b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Overdraft with Axis bank	2,200,000	
UNITY Trolley Corporation, Howrah	24,120	
Global Reporting Initiative (GRI), Amsterdam	303,101	
European Union Grant (unspent balance)	5,672,002	8,199,224
<b><u>PROVISIONS</u></b>		
Gratuity ( LIC)	99,778	
Audit fee Payable	35,393	135,171
<b>Total (₹)</b>		<b>8,334,395</b>



For FOUNDATION FOR MSME CLUSTERS (FMC)

*Mukesh Gulati*  
**Mukesh Gulati**  
**Executive Director**



Foundation for MSME Clusters (2013-14)-An

**FOUNDATION FOR MSME CLUSTERS (FMC)**

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDING  
31<sup>ST</sup> MARCH, 2014:**

**(A) SIGNIFICANT ACCOUNTING POLICIES:**

- 1) The Trust prepares its accounts under the Historical Cost convention and in accordance with applicable accounting standards in India. For recognition of Income and Expenditure mercantile systems of accounting is followed, except for FCRA projects where income and expenditures are accounted for an cash basis. 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 31.3.2014, 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.

- 5) Accounting Policies not specifically referred to otherwise are consistent with and are in consonance with the generally accepted accounting principles/policies.



**(B) NOTES ON ACCOUNTS:**

**1) OPERATIONS :**

The year 2013-14 is the 9 (ninth) 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 energy efficiency, Capacity Building of Industry associations, fostering CSR among MSMEs, policy and research, training of policy makers and financial linkages.

**2) INCOME & EXPENDITURE ACCOUNT:**

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

**3) Previous year's figures are 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: **18.07.2014**





## **Foundation for MSME Clusters (FMC)**

**USO House, IInd Floor, USO Road,  
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[www.clusterobservatory.in](http://www.clusterobservatory.in)**