



Foundation for MSME Clusters (FMC)

FOUNDATION FOR MSME CLUSTERS (FMC)





Dear Readers,

It is with immense pride and gratitude that I reflect on the journey of the Foundation for MSME Clusters (FMC). What began as a humble initiative in June 2005, with the suggestion of the Ministry of MSME and the technical support of the UNIDO Cluster Development Programme, has blossomed into a vibrant and impactful organization. As we established FMC as a Registered Trust, our mission was simple yet profound: to uplift MSMEs through cluster and value chain-led development.

From that pivotal moment, we have reached out to over 100,000 MSMEs across India, implementing more than 255 thematic projects and conducting studies in 150 additional clusters. Collaborating with 250 Business Membership Organizations (BMOs), we have fortified the backbone of the MSME sector. Every project we've undertaken is a testament to our dedication and vision.

Among our most significant milestones is the design and implementation of the SFURTI (Scheme of Fund for Regeneration of Traditional Industries) programme in 2005. What began as a proposal presented to the government has evolved into a transformative ₹1000 crore initiative revitalizing 100 clusters. Since 2019, as the nodal agency, we have actively engaged in 84 clusters, driving sustainable growth and innovation.

Our impact is not confined to India. Over the years, our expertise has reached more than 20 countries, including Ethiopia, Cambodia, Ghana, Japan, and Vietnam, where we have offered training, research, and handholding assistance. Each international collaboration reaffirms our commitment to fostering sustainable development globally.

Our pioneering efforts also extend to knowledge creation and dissemination. From publishing the Cluster Development Methodology (CDM) in 2005 to developing the Cluster Observatory portal, we have ensured that our learnings and insights are accessible to stakeholders worldwide. Our comprehensive training programs have empowered countless MSMEs, cluster development practitioners, policymakers, and BMOs in India and beyond.

Today, FMC's nationwide presence, supported by our dedicated team of professionals, drives our mission forward. With every milestone—benefiting 31,363 MSMEs, generating 9,486 jobs, and achieving a 195% income enhancement for artisans—we are reminded of the transformative power of collaboration and perseverance.

As we continue this journey, we invite you to join us in empowering MSMEs and fostering sustainable development. Together, we can build a future filled with promise and possibility.

Warm regards,
Mukesh Gulati (Executive Director)

Key focus areas



Environment

Creating Green Pathways for Progress

65K+ Ton of Carbon reduced from the environment in projects funded by EU, SAARC, Yes Bank, SIDBI, GIZ, DST India aims to achieve 50% decarbonized energy by 2030. MSMEs consume nearly a quarter of the energy in the industrial sector, @ 110 Mn Ton per annum, mostly from fossil fuels. They face roadblocks such as limited awareness on decarbonization, access to emerging technologies, green investments, and knowledge constraints. FMC bridges these gaps by, providing expertise for energy reduction, use of renewable energy, developing circular economies, and promoting use of sustainable materials like bamboo and recycled textiles.



Rural Livelihoods

Crafting Livelihoods through Market Led Skilling

75K+ Lives supported in rural livelihood projects funded by Ministry of MSMEs & Rural Development, UNDP, EU, SAARC, HCL, CISCO, NHPC,

India's 7 million handicraft and handloom artisans are the lifeblood of rural craftsmanship, with 7 million creating exquisite handicrafts and 3 million weaving vibrant handloom fabrics. Together, they form the second-largest source of rural employment, alongside agriculture and food processing clusters. They are languishing due to market disconnect and lack of organization. Honoring the rich heritage and current livelihood potential, FMC is actively engaged in over 100 clusters, driving innovation through contemporary products & designs, market connections, skill development, robust value chains and collective governance to empower artisans, farmers, and allied workers for a sustainable future.

Industry Livelihood

Securing Livelihoods by
Strengthening Enterprises

200K+ Livelihoods sustained in
20000 Industrial enterprises
through projects supported by
SIDBI, EU, GIZ, FNF /



MSMEs are the backbone of India's economy, contributing to 45% of the manufacturing output and exports. Predominantly located in urban and peri-urban areas, they drive balanced economic growth and provide 110 million jobs, thus playing a key role in combating unemployment. They, however, face significant growth barriers due to low productivity. FMC partners with MSMEs to help them embrace resource-efficient technologies, access new markets, develop contemporary skills, unlock investments and strengthen the supportive ecosystem.

Digital Literacy

Bridging the Digital Divide

175K + Business enterprises digitally connected through projects supported by Google.org – TAF, CISCO, CII, FNF, SAMHITA, Mahindra Finance

Generative AI, E-commerce and other similar digital technology driven processes revolutionize marketing, customer engagement, production efficiency and organisation systems management. They enable the MSMEs to compete globally by affordably predicting trends, innovating designs, resource efficiency, circularity, productivity and personalizing products. Also, the Indian e-commerce market, valued at \$55 billion in 2021, is projected to reach \$350 billion by 2030. However, uptake among MSMEs, remains sluggish due to poor access to knowledge, technical skill shortages, lack of financing. FMC has stepped in to bridge this gap by providing exposure, linking with finance institutions and connecting MSME with digital services to increase their digital outreach. FMC uses physical and digital platforms designed in vernacular languages to build their capacities.





Cluster Development Approach

Driving Sustainable Growth,
Empowering India

300+ clusters achieved sustainable growth through projects supported by different corporate donors, Ministries and donor agencies

FMC targets a cluster of enterprises rather than individual MSMEs to achieve environmental and livelihood goals. Due to their small size, MSMEs are not able to achieve economies of scale and are not able to take advantage of available opportunities. They often lack bargaining power, access to support services and influence over policy ecosystem. Unhealthy competition exists in the cluster. FMC addresses these issues by working closely with stakeholders and value chain partners to build collective efficiency for sustenance of the cluster enterprises. FMC identifies key gaps and opportunities in skills, finance, marketing, energy use etc. and devise business-oriented strategies and action plans for execution.

Success Stories from Key Projects





From Struggle to Stability

In the dusty lanes of Betul, Madhya Pradesh, Pramod Barange's life was an unrelenting struggle. As a seasonal bamboo worker, he crafted traditional items that barely fetched enough to sustain his family. Many nights, he lay awake, haunted by uncertainty about how he would provide for his children. His dreams of a stable income and a secure future seemed distant and unattainable.

Everything changed when the Foundation for MSME Clusters (FMC) arrived in Betul as part of the EU Switch Asia Project. This initiative, designed to uplift bamboo micro, small, and medium enterprises (MSMEs), sought to empower artisans and promote sustainable development. The project identified Pramod's latent potential and invited him to participate in a comprehensive training program. Here, he learned advanced bamboo processing techniques, modern design concepts, and production efficiency methods.

Equipped with these new skills, Pramod secured a ₹42,000 loan under the Mukhyamantri Swarojgar Yojana from the Bank of Maharashtra. With this financial boost, he invested in better tools and expanded his production capacity. The transformation was dramatic—his income soared from a meagre ₹3,000 to an impressive ₹24,000 per month. No longer a seasonal worker, Pramod became a full-time bamboo artisan, capable of supporting his family comfortably and building a brighter future.



Pramod's success extended beyond his personal achievements. Recognizing his talent and resilience, FMC appointed him as a trainer, allowing him to share his knowledge with other artisans. Inspired by his journey, 30 nearby units transitioned to full-time bamboo crafting, creating a ripple effect of empowerment within his community.

The EU Switch Asia Project, implemented across northeastern and central India, catalysed similar transformations in states like Jharkhand, Odisha, Meghalaya, and Tripura. Before the intervention, the bamboo sector was plagued by outdated practices, limited skills, and inadequate market access. To address these challenges, FMC established Common Facility Centres (CFCs), upgraded existing units, and provided artisans with access to modern tools and techniques. Market linkages with major buyers and e-commerce platforms like Amazon ensured that artisans' high-quality products reached wider audiences.



The project's impact was far-reaching. Over 2,600 enterprises were established, many of them women-led, and more than 6,000 green jobs were created. Artisans received training in sustainable practices and occupational health, while policymakers were engaged to foster a supportive ecosystem for the bamboo industry. The revenue generated through market linkages not only boosted incomes but also reinforced the viability of bamboo-based livelihoods.

Pramod's story exemplifies the transformative power of the EU Switch Asia Project. By merging traditional skills with modern techniques and fostering entrepreneurship, the initiative has revitalized the bamboo sector and uplifted entire communities. Today, Pramod stands as a beacon of hope, proving that with the right support, artisans can transcend hardship and craft a sustainable, prosperous future for themselves and their families.



Transforming Foundry Slag into Sustainable Paver Blocks

Foundry slag, a byproduct of the foundry industry, has long been a challenge due to its environmental impact. This waste material, laden with impurities and iron, often gets discarded in open fields, taking hundreds of years to decompose and causing significant ecological damage. Recognizing this issue, an innovative project was launched to repurpose foundry slag as a sustainable alternative to natural aggregates in paver block production.

Traditionally, paver blocks are made using a 1:2:3 ratio of cement, sand, and aggregates. However, through collaboration with Development Alternatives, a new mix ratio of 1:4:4 (cement:slag:aggregates) was developed, replacing costly natural aggregates with free, abundantly available slag. This substitution not only reduced production costs by 10-20% but also saved approximately 23,000 tons of natural aggregates, mitigating environmental degradation.

The initiative received critical support from Yes Bank Limited, which provided ₹50,000 per unit for purchasing crushers needed to process slag. This financial aid enabled the creation of 40 new production units and the upgradation of 8 existing ones. By integrating slag into operations, these units demonstrated cost efficiency and environmental sustainability.

Although the project initially faced challenges, such as irregular slag supply and buyer preferences for traditional aggregates, it showcased the potential of industrial waste to create value. In just a few clusters, this initiative proved its scalability, presenting an opportunity to replicate the model across India's 50 industrial clusters.

This groundbreaking approach not only addressed waste management issues but also provided employment opportunities, empowered communities, and paved the way for eco-friendly industrial practices. By transforming waste into a resource, the project exemplifies innovation, collaboration, and sustainable development.

Transforming Lives Through Bamboo: Lukas Rynsong's Inspiring Journey

Amidst the rolling hills of Ribhoi, Meghalaya, Lukas Rynsong spent his days toiling in agriculture, with bamboo craft providing a modest supplementary income. His earnings from crafting traditional bamboo products barely reached ₹3,000 a month. Despite his innate talent, the lack of advanced techniques and market access kept Lukas and many like him confined to subsistence living. Yet, 2017 marked the beginning of a transformative journey for Lukas and his community.



The Foundation for MSME Clusters (FMC), under the “Promoting Integrated Bamboo-Based Enterprise Development among SAARC Countries” project, launched an initiative to revolutionize bamboo-based livelihoods in Ribhoi and Dumka, Jharkhand. Supported by ESAF and KKSCO, the project aimed to equip artisans with modern tools, skills, and market linkages to elevate their craftsmanship and incomes.



Lukas's introduction to the project came through training sessions at a newly established Common Facility Centre (CFC) in Ribhoi. Here, he learned advanced bamboo processing techniques, including the art of using treated bamboo for durability. These skills enabled Lukas to expand his repertoire to high-end furniture, lifestyle products, and intricate handicrafts, catering to discerning markets.

The impact was profound. Lukas's monthly income from bamboo work skyrocketed to ₹10,000, tripling his earnings and allowing him to focus entirely on his craft. Inspired by his success, other artisans in his community began adopting the new techniques. Lukas became a role model, demonstrating how blending traditional skills with modern methods could transform lives.

The project's broader reach was equally impressive. In Dumka, artisans traditionally engaged in low-value bamboo products saw their incomes double as they embraced advanced handicraft and furniture-making techniques. Across Ribhoi and Dumka, over 700 artisans benefited, with 98% of Dumka participants and 30% in Ribhoi experiencing significant income growth.





Market linkages forged by FMC proved pivotal. Partnerships with major buyers like IKEA and e-commerce platforms such as Amazon gave artisans access to organized markets, where their high-quality products commanded premium prices. This ensured a sustainable demand for their creations and introduced Indian bamboo craftsmanship to global audiences.

Entrepreneurship flourished under the project's guidance. Twenty-five artisans emerged as successful entrepreneurs, creating employment opportunities within their communities. The initiative's emphasis on sustainability extended beyond income growth, nurturing a thriving ecosystem for bamboo-based enterprises.

Today, Lukas's workshop buzzes with activity as he crafts elegant furniture and decorative pieces. His story is one of resilience and transformation, illustrating the power of combining traditional artistry with modern innovation. The success of this initiative has not only revitalized the bamboo industry but has also inspired hope and pride in communities that once struggled for survival.

Lukas Rynsong's journey is a testament to the untapped potential of India's artisans. Through the collective efforts of FMC and its partners, bamboo—a symbol of strength and flexibility—has become the cornerstone of a brighter, sustainable future for Ribhoi, Dumka, and beyond.



Reviving Dreams Through Embroidery: Tanveer's Journey

In the sultry summer of 2017, Tanveer Alam returned to his hometown, Agra, from Mumbai. Having left two years earlier to work as a daily wage labourer in a factory, Tanveer's journey had been marked by struggle and sacrifice. The grandson of a once-prosperous master tailor, he had watched his family's embroidery business decline over time. With dwindling work on his two stitching machines and no consistent income, Tanveer was forced to abandon his dream of reviving the family business. Yet, this summer visit was destined to change his life forever.

Agra's Zari embroidery cluster, like Tanveer's family trade, had fallen on hard times. Generational artisans faced diminishing market opportunities and lacked modern tools to compete in a fast-evolving world. Enter the Embroidery to Employment (E2E) Program—a transformative initiative by the Foundation for MSME Clusters (FMC), supported by Citi Foundation under the India Innovation Grant Programme. This program aimed to rejuvenate Agra's embroidery heritage by enhancing skills, introducing modern technology, and fostering market linkages.



Initially hesitant, Tanveer was persuaded to participate in the program. Through intensive training, he mastered advanced embroidery techniques and business management skills. Equipped with five new stitching and embroidery machines provided through project grants, Tanveer's enterprise came back to life. He employed ten artisans, offering them regular incomes, and began producing intricate designs that attracted premium buyers.

A cornerstone of the program's success was its innovative approach. FMC established a community-led enterprise called "Aari," serving as a design and marketing hub. Aari not only introduced ergonomic tools to replace labour-intensive methods but also secured orders worth ₹50 lakhs, ensuring artisans had immediate market access. This direct linkage with buyers marked a turning point for the cluster, making traditional skills relevant in contemporary markets.



Today, Tanveer's business is thriving. His income has grown substantially, enabling him to stay in Agra with his family and reinvest in his enterprise. The E2E program's impact extends beyond Tanveer; it has uplifted 500 artisans, increasing their earnings by 30% and creating sustainable livelihoods for hundreds more. By connecting artisans to modern markets and empowering them with new skills, FMC's initiative has preserved a rich cultural heritage while unlocking economic growth.

For Tanveer, this journey is not just about personal success. It's a revival of dreams long deferred, a celebration of resilience, and proof that with the right support, traditional crafts can weave a brighter future.



Change began when the Foundation for MSME Clusters (FMC), in partnership with NHPC, introduced a transformative project aimed at empowering women weavers. Initially hesitant, Renu's reluctance to adopt modern techniques gave way to determination as she attended training sessions organized under the program. Guided by experts and supported by her peers, she gradually mastered advanced weaving methods and innovative designs tailored to market demands. Her newfound skills not only revitalized her craft but also opened doors to a broader market.

Renu's journey reflects resilience and the power of opportunity. Today, her income has surged by 150%, allowing her to employ two additional weavers and establish a thriving enterprise. Her modest home now houses an upgraded weaving setup, and her vibrant, contemporary handloom products fetch premium prices. The transformation has not only improved her family's quality of life but also inspired her community, proving that traditional skills can evolve into a sustainable livelihood with the right support.

Weaving Dreams into Reality

In the serene village of North Dhemaji, Assam, amidst lush greenery and the rhythmic hum of handlooms, Renu Devi's life once mirrored the struggles of countless women weavers. Though weaving was ingrained in her culture, Renu's exceptional talent lay hidden, eclipsed by the daunting challenge of providing for her family. The traditional bamboo loom she used and the limited resources available confined her creations to simple gamchas (towels), leaving her earnings meagre and aspirations unfulfilled.



Renu's story is but one thread in a tapestry woven by FMC's broader initiative. The Dhemaji Handloom Cooperative Society, established under the program, brought together women like Renu, who shared similar struggles. The cooperative adopted eco-friendly dyes and sustainable practices, propelling their products into high-end boutiques and boosting revenue by 200%.

As the initiative expanded, the formation of SAAR Handloom Producer Company in January 2020 marked a new chapter. With 300 members, the company operates as a private entity, bridging traditional craftsmanship with modern business practices. Large-scale market orders worth 60-65 lakh rupees have empowered weavers to dream bigger, transforming communities across North Dhemaji and Lakhimpur.



The partnership between FMC and NHPC underscores the profound impact of collaboration. By addressing critical challenges such as limited tools, outdated techniques, and market access, this initiative has not only revitalized weaving traditions but also empowered women economically and socially.

Renu's journey, and that of her peers, exemplifies how resilience and innovation can turn adversity into opportunity. As the rhythmic clatter of looms echoes through Dhemaji, it tells a powerful story of transformation, weaving threads of tradition into a fabric of hope and prosperity.



Advancing Policy and Research for MSME Growth

The Foundation for MSME Clusters (FMC) has made significant contributions to shaping policy frameworks and advancing research to foster the growth and sustainability of micro, small, and medium enterprises (MSMEs) in India and abroad. By addressing critical challenges and offering actionable insights, FMC has become a trusted partner for governments, financial institutions, and development organizations.

Policy Development and Advocacy:

FMC has played a pivotal role in designing and implementing policy frameworks that directly impact MSMEs. Notable achievements include:

SFURTI Scheme: FMC was instrumental in conceptualizing the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) in 2005. The scheme, which revitalized 100 clusters with a ₹1,000 crore budget, focuses on promoting sustainable traditional industries across India.

Cluster Development Methodologies: FMC contributed to the restructuring of the Small Industry Cluster Development Programme into the Micro and Small Enterprise Cluster Development Programme (MSECDP). This program supports MSME clusters with a tailored approach to address their needs.

Sustainability Policies: By promoting eco-friendly practices, such as replacing natural aggregates with industrial waste in construction or adopting sustainable bamboo processing, FMC has advocated for policies that align economic development with environmental sustainability.

Research and Studies:

FMC's research focuses on improving MSME competitiveness, fostering innovation, and addressing systemic challenges. Key contributions include:

Cluster Diagnostic Studies: Over 150 diagnostic studies have been conducted to understand the dynamics of various MSME clusters and offer strategic solutions for their growth.

Impact Studies: Assessing the socio-economic outcomes of programs, such as SFURTI and EU Switch Asia, to inform policymakers and stakeholders.

Policy Recommendations: Comprehensive reports have been submitted to guide MSME policies on waste management, energy efficiency, and green practices.

Through its robust work in policy and research, FMC continues to empower MSMEs, ensuring they remain resilient, competitive, and sustainable in an ever-evolving economic landscape.

FMC's Global Footprints



Our journey has taken us beyond India's borders, making a significant impact in over 20 countries. We've provided training, handholding assistance, and research support on cluster development. Each international collaboration enriches us and reaffirms our commitment to fostering sustainable development and promoting MSME growth globally.

Countries where we've made a difference include:

- Ethiopia: Supporting the development of sustainable value chains and cluster initiatives.
- Cambodia: Implementing cluster-based development strategies to boost local economies.
- Egypt: Facilitating research and training programs to strengthen MSME operations.
- Ghana: Enhancing MSME competitiveness through tailored training programs.
- Iran: Providing expertise in cluster development and policy formulation.
- Japan: Collaborating on research and development projects focused on MSME growth.
- Myanmar: Promoting sustainable cluster development and capacity building.
- Afghanistan: Training and capacity building to enhance the local MSME sector.
- Montenegro: Assisting in the establishment of cluster-based economic models.
- Nepal: Implementing projects to improve the livelihoods of MSME entrepreneurs.
- Nigeria: Supporting the growth and sustainability of local MSME clusters.
- Palestine: Providing technical assistance and fostering MSME development.
- Qatar: Enhancing the competitiveness and innovation of MSMEs through strategic initiatives.
- South Africa: Promoting cluster-based economic development and environmental sustainability.
- Tanzania: Supporting MSME growth through training and capacity-building programs.
- Trinidad & Tobago: Assisting in the development of sustainable MSME clusters.
- Uganda: Implementing projects to improve MSME operations and market access.
- Vietnam: Promoting sustainable development practices within MSME clusters.
- Bangladesh: Assisting in cluster development and improving market linkages for small enterprises.
- Bhutan: Offering technical support and promoting sustainable practices within MSME clusters.



Our Commitment to SDG's

Our organization is committed to driving positive change and contributing to a sustainable future. Through our initiatives, we have made significant strides in empowering communities and reducing our environmental footprint. Our achievements are aligned with several Sustainable Development Goals (SDGs) of the United Nations:

Empowering MSMEs and Enhancing Livelihoods

- **MSMEs Empowered:** We have successfully empowered over 100,000 MSMEs, contributing to SDG Goal 8 by promoting sustainable economic growth, job creation, and entrepreneurship.
- **Livelihoods Enhanced:** Our initiatives have positively impacted the lives of over 275,000 people, aligning with SDG Goals 2 and 8 by addressing hunger, food security, and promoting sustainable agriculture and decent work.
- **Women Empowerment:** We have empowered over 100,000 women, contributing to SDG Goal 8 by promoting gender equality and women's economic empowerment.



Reducing Carbon Footprint and Promoting Sustainability

- **Carbon Reduction:** Our efforts have resulted in a reduction of over 65,000 tons of carbon emissions, aligning with SDG Goals 7, 8, 9, and 12. By promoting renewable energy, energy efficiency, and sustainable consumption and production patterns, we are contributing to a greener future.

Fostering Economic Growth and Innovation

- **Revenue Generation:** Our initiatives have generated significant revenue, contributing to SDG Goal 9 by promoting inclusive and sustainable industrialization and innovation. We have facilitated access to financial services and market opportunities for small-scale enterprises, enabling them to grow and thrive.

By aligning our efforts with these SDGs, we are making a tangible difference in the lives of individuals and communities. We remain committed to driving sustainable development and creating a better future for all.



Our Partners



Entrepreneurship
Development
Institute of India
Ahmedabad, Gujarat



Confederation of Indian Industry



Join Us in our mission

At FMC, we believe in the power of collaboration and innovation to transform the MSME sector. We are dedicated to creating a sustainable, inclusive, and prosperous future for MSMEs across India. Your contribution, no matter how big or small, can make a significant impact. Whether you're a passionate individual seeking to volunteer your time, a talented student eager to gain practical experience through an internship, or an organization looking to partner with us, there are numerous ways to get involved.

To learn more about our initiatives, volunteer opportunities, or partnership possibilities, please visit our website www.fmc.org or reach out to us at info@msmefoundation.org

Let's work together to empower MSMEs and build a stronger, more equitable economy.



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