

IMPACT SHEET • SWITCH-ASIA PROJECT
SCALING UP SUSTAINABLE DEVELOPMENT OF MSME
CLUSTERS IN INDIA

**20 FOUNDRY UNITS HAVE ALREADY
UPGRADED THEIR TECHNOLOGY IN THE
FIRST PROJECT YEAR AND ACHIEVED
COKE SAVINGS OF 744 TONS**



**OCCUPATIONAL HEALTH AND SAFETY BENEFITS
REACHED TO 250 WORKERS**



THE CHALLENGE

The Indian economy owes a major part of its growth to the 26 million Micro, Small and Medium Enterprises (MSMEs) that provide employment to an estimated 60 million people. 70% of these MSMEs are estimated to be concentrated in around 1100 industrial and 3500 artisanal clusters. A sector mapping (2010) of industrial clusters, identified the foundry sector, having 5500 units in 47 clusters, as an environmentally challenging and highly energy intensive industry. 90% of India's foundry enterprises are micro and small enterprises, which use obsolete and inefficient melting technologies. Despite several initiatives undertaken to address the problems; these initiatives have not been able to reach out to more than 200 enterprises.

OBJECTIVE

The project *Scaling up Sustainable Development of MSME Clusters in India* will enable:

- Adoption of sustainable environment and social business practices across selected foundry MSME clusters;
- Up-scaling these efforts through capacity building of BMOs;
- Introduction of aggregate reporting;
- Establishment of financial linkages;
- Support creating a conducive policy environment.

TARGET GROUPS

Target groups in 4 target clusters are:

- 500 MSMEs as direct beneficiaries and 460 as indirect beneficiaries in the target clusters
- About 2,000 contractual and permanent employees (direct) and 8000 (indirect)
- Local Business Membership Organisations (BMO), Business Development Service Providers (BDSP), fabricators, providing technical support and/or public funding
- Local public authorities
- Banks/FIs, national government institutions providing technical support and/or public funding

ACTIVITIES / STRATEGY

The project will support 500 Indian MSMEs in the foundry sector in the states of Punjab, Rajasthan and West Bengal. The project has been designed along five main activities.



FOSTERING SUSTAINABLE PRODUCTION THROUGH TECHNICAL AND NON-TECHNICAL MEASURES

With introduction of technical and non-technical measures, the project will improve energy efficiency in 500 foundry enterprises and the project will also enable improved work place conditions in 200 foundry enterprises thereby benefitting 2000 workers.



BUILDING CAPACITIES OF BUSINESS MEMBERSHIP ORGANIZATIONS (BMOs) FOR SCP

During this entire process, business membership organizations (BMO) are involved as an integral part of the process through 2 training of trainers programmes and 2 training programmes each for BMO office bearers and executives.



INTRODUCING AND FACILITATING AGGREGATE SUSTAINABILITY REPORTING AMONG CLUSTER MSMEs

With the aggregate sustainability reporting the project seeks to enable the MSMEs to measure and monitor their sustainability impacts, disclose them to stakeholders and improve their access to potential business opportunities and public support schemes.



ENHANCING ACCESS OF MSMEs TO CREDIT THROUGH STRONGER LINKAGES WITH FINANCIAL INSTITUTIONS

Through this work package the project seeks to strengthen existing financial products and credit delivery channels to enable MSMEs upgrade their technology, develop new financial products and credit delivery channels and link 100 MSMEs to FIs and public funding options for sustainable production.



UNDERTAKING POLICY ADVOCACY AND DISSEMINATION

The project ensures that policy makers are strengthened to develop guidelines, resources and implementation instruments for adoption by MSMEs for sustainable production.

SCALING-UP STRATEGY



The scaling-up and extension of the project outcomes are ensured by embedding a market based system at the cluster level. Supporting institutional structures and ongoing efforts at policy level stimulate national stakeholders and institutions to re-design and re-focus their inputs to foster SCP practices. Demonstrating effect and communicating the expected savings through workshops, focus group discussion, one-to-one meetings is an essential approach. By capacitating local service providers (BDSPs and fabricators) the project reaches out to more MSMEs.



CAPACITATE BMOS TO COORDINATE SIMILAR ACTIONS ACROSS THEIR CLUSTERS:

Scaling-up is being done by training of trainers (ToT) in the cluster states by capacitating BMOs to coordinate SCP promotion across clusters thus institutionalizing SCP through intermediaries. Also training programmes will be conducted for BMO executives and office bearers. Awarding the best BMO adopting SCP practices, creates a spirit of excellence.



VOLUNTARY SUSTAINABILITY REPORTING METHODOLOGY, INSTRUMENTS AND AGGREGATE REPORT:

The voluntary aggregate reporting system will provide a system for self-promotion of SCP practices among MSMEs.



ENHANCING ACCESS OF MSMEs TO CREDIT THROUGH STRONGER LINKAGES WITH FINANCIAL INSTITUTIONS:

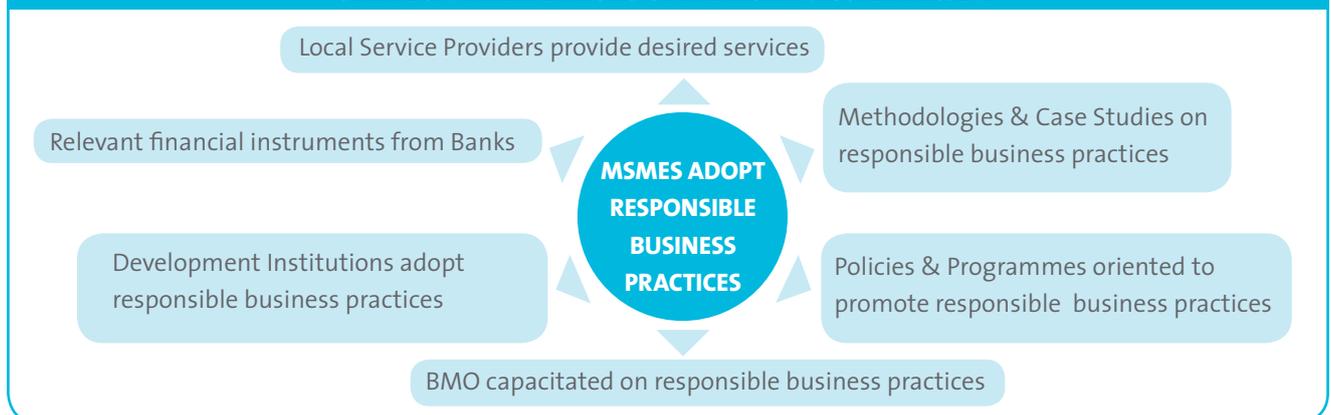
MSMEs are being linked with financial institutions and government schemes for access to finance. This is being done through focussed group discussion, informing about relevant government scheme through bi-lateral discussions. The project targets developing new financial product and improving the existing ones to meet the requirement of MSMEs.



FOSTERING AN ENABLING POLICY ENVIRONMENT:

An intensive dialogue and engagement with the local, regional and national public policy institutions is being undertaken, seminars & workshops along with development of case studies, learning documents and analytical papers for an informed debate and inputs for policy dialogue amongst relevant stakeholders.

STRATEGIC INTERVENTIONS OF THE MSME CLUSTER PROJECT



RESULTS

Through different activities the project achieved the following results in Year 1:

! 500 MSMEs ADOPT CLEAN AND SOCIALLY FRIENDLY PRODUCTION METHODS/ TECHNOLOGY, REDUCE THEIR CARBON FOOTPRINT, AND BENEFIT AT LEAST 2000 WORKERS.

4 cluster based project offices are set up in Ludhiana-Jalandhar, Jaipur and Howrah foundry clusters. 4 project launch/sensitization workshops in clusters and one national level launch workshop were conducted in New Delhi. Three diagnostic studies reports were completed for Ludhiana-Jalandhar, Jaipur and Howrah foundry clusters. The project conducted exposure visit of 7 foundry owners of Howrah and Ludhiana organized to Faridabad foundry cluster. Energy efficiency technology and better practices were adopted by 20 foundry units leading to coke savings potential of 744 tons per annum. The project introduced occupational health and safety measures in 10 foundry units benefitting around 250 workers through activities like health camps, cleaning of shop floors, introducing trolleys for easy movement of materials etc.



! 50 BMOs, SELECTED BDSPS AND RESOURCE ORGANIZATIONS ARE DULY TRAINED TO PROVIDE SERVICES EFFECTIVELY

163 government schemes has been identified for development of MSMEs. A list of 150 BMOs has been prepared and survey of 95 BMOs done for selection of 50 BMOs for trainings. Training material for TOTs has been created and 1 ToT conducted where 8 institutes had participated. 4 BMOs adopted Voluntary AR methodology and MSMEs in one cluster produce an Aggregate Report contributing to their improved business performance, market position and access to funds. An inception visits was done in Ludhiana-Jalandhar, Jaipur and Howrah foundry clusters. Three stakeholder consultations were n done with the foundry owners in Ludhiana, Jalandhar and Jaipur foundry cluster for developing AR methodology



There are around 26 million MSMEs in India located in 6,000 clusters manufacturing product belonging to 19 product categories. Out of these 19 sectors, 8 sectors have been identified as most energy intensive sectors in India located in around 148 clusters. Foundry is one of 11 sectors which have been identified as energy intensive. The project will reach 500 foundry units directly for technology up-gradation/better practices creating an estimated saving potential of 18,000 metric tons of coke per annum from the foundry sector alone. Similar initiatives can also be undertaken in 148 clusters across 8 sub-sectors of ceramics, glassware, sponge iron, electroplating, paper industry, cement plants, brick kilns etc. Scope exists for further up-scaling to the remaining 4000-5000 odd foundry units too.



*Dr. Tamal Sarkar
Project Director*



ENABLING ACCESS TO FINANCE

The project seeks to enable at least 100 cluster MSMEs access new or existing credit instruments and public funding options for sustainable production. Meetings were conducted with the local banks in the clusters and non bank financial companies to understand their products and possibility of designing new products for meeting the requirements of foundry units. 2 foundry units have been linked with SIDBI for credit facility in Ludhiana-Jalandhar cluster.

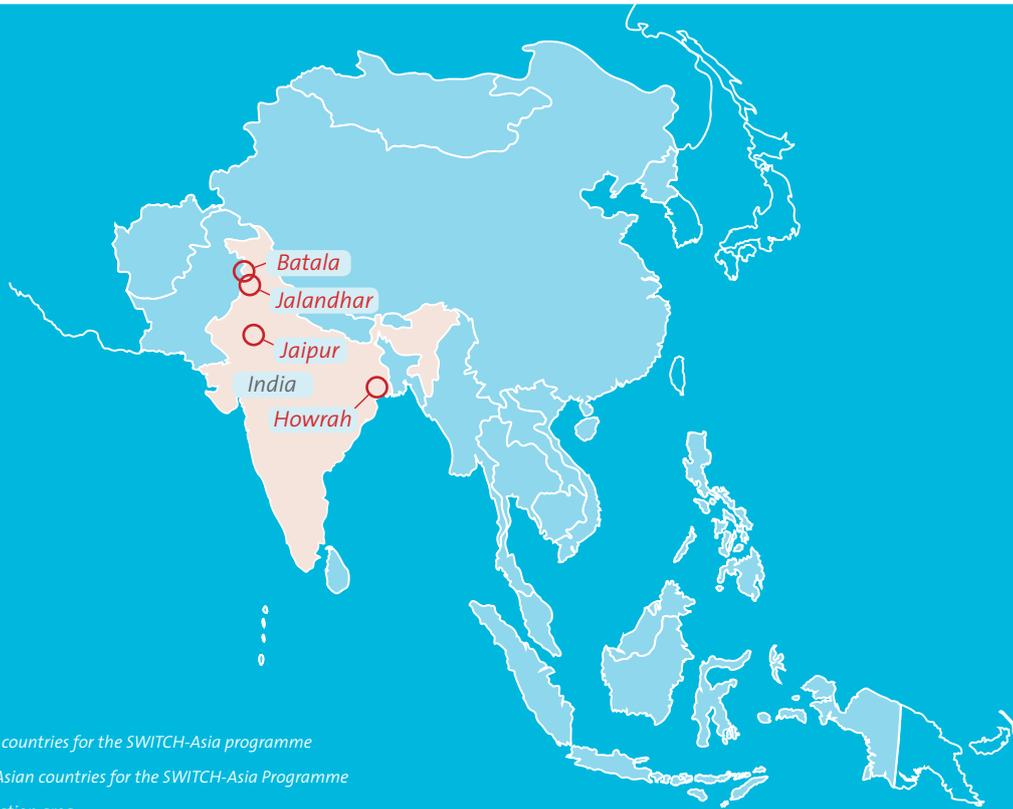


DISSEMINATION AND OUTREACH INITIATED

Policy makers are strengthened to develop guidelines, resources and implementation instruments for adoption by MSMEs for inclusive and sustainable production. A communication and outreach plan of the project has been developed. A Facebook page of the project <http://www.facebook.com/sustainableMSMEs> was established. A project brochure was developed. A one training programme was conducted for 50 officials of District Industries Centre in Ludhiana-Jalandhar cluster. A concept note on the existing government scheme for credit facility has been prepared.

IMPACT IN NUMBERS

<p>ECONOMIC IMPACT</p> 	<ul style="list-style-type: none"> • 139 request letters received • 20 foundry units have upgraded their technology or adopted better cupola operational practices and achieved coke savings
<p>ENVIRONMENTAL IMPACT</p> 	<ul style="list-style-type: none"> • Coke savings of 744 tons per annum achieved • 1971,6 Carbon Emission Reduction (in tonnes) in the timeframe of May 2012- April 2013
<p>SOCIAL IMPACT</p>	<ul style="list-style-type: none"> • Benefits provided to 250 workers
<p>ENGAGEMENT OF TARGET GROUP</p> 	<ul style="list-style-type: none"> • 139 request Letter for improving energy efficiency (no. of firms) in the timeframe of May 2012- April 2013 whereas only 20 were targeted • Number of trainings: Total 8 training programmes conducted for team, owners and workers in Year 1 with around 130 participants as mentioned below: <ul style="list-style-type: none"> 1 training programme of 5 days for EU team on Cluster Development Programme and the deliverables of the project for 19 participants 2 technical training programmes for owners in Ludhiana-Jalandhar and Jaipur foundry cluster 1 technical training programme for 9 fabricators in Ludhiana-Jalandhar cluster. 1 training programme for cluster team on aggregate reporting 3 training programmes for cluster team on implementing strategy • Focused Group Discussion (FGDs): Total 18 FGDs conducted for owners and workers in Year 1 with around 250 participants as mentioned below: <ul style="list-style-type: none"> 1 FGD done for sensitizing owners in Ludhiana-Jalandhar cluster about the project 2 FGDs for sensitizing owners about the benefits on improving design through Design Clinic Scheme of Government of India 1 FGDs done with 7 OHS related stakeholders in Ludhiana-Jalandhar cluster 4 FGDs done for discussing revenue generating activities in Ludhiana-Jalandhar cluster 2 FGDs done for collecting information for Diagnostic Study Report 2 FGDs for mission and vision building of CSBC in Ludhiana 1 FGD with 23 workers explaining them the benefit of adopting OHS measures 5 stakeholder consultations in Ludhiana-Jalandhar and Jaipur foundry cluster for discussing the measuring parameters for aggregate reporting • Number of workshops: Total 5 workshops has been conducted for around 240 participants as mentioned below: <ul style="list-style-type: none"> 5 project launch workshops done in Ludhiana-Jalandhar, Jaipur, Howrah foundry clusters
<p>POLICY LINKAGES</p> 	<ul style="list-style-type: none"> • Number of workshops: Total 2 workshops has been conducted for around 100 participants as mentioned below: <ul style="list-style-type: none"> 1 training programme conducted for officials of District Industries Centre on Cluster Development Programme, Project Launch workshop done in New Delhi where different policy makers had participated



Legend

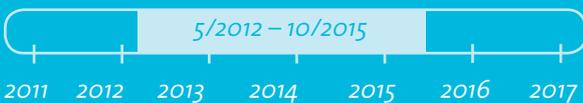
- Eligible Asian countries for the SWITCH-Asia programme
- Non-eligible Asian countries for the SWITCH-Asia Programme
- Project implementation area**
- Country
- Region
- City

The boundaries shown on this map do not imply on the part of the European Union any judgment on the legal status of any territory or the endorsement or acceptance of such boundaries.

OBJECTIVES

The project enables the adoption of sustainable environment and social business practices across selected foundry MSME clusters. Besides, it aims to scale-up the capacity of business membership organization, introduce aggregate reporting, establish financial linkages and support creating a conducive policy environment.

DURATION



PROJECT TOTAL BUDGET

Project Total Budget: € 2,070,491 (EU contribution: 80%)

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PROJECT CONSORTIUM



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Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) Germany



Global Reporting Initiative (GRI)



Indian Institute of Corporate Affairs (IICA)



United Nations Industrial Development Organization (UNIDO)