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# MSME BUDDS

“ BDS needs are cluster specific. It could be strategic for a particular cluster and at the same time generic for another. ”



Dear Readers,

I am pleased to share with you the first issue of 'MSME BuDS' for the year 2009. For the past one year, SMEFDP

has been bringing out this bulletin covering various themes and facets of the project. The project actively strengthens mechanisms to support MSMEs to operate efficiently and grow their businesses, by effectively providing a range of services. As we continue to bring you success stories from the ground, we hope that you find this medium to be informative and useful.

The current issue provides a glimpse of the active role of SMEFDP in engaging its stakeholders through targeted approaches to fit their specific needs. Activities ranging from introducing new skills for women artisan making leather whips in Kanpur to sensitization program on energy efficiency in Pune are some of the answers to the call for applying tailor made and need-specific

measures across sectors. The project also seeks to reach out to the underserved areas and is in the process of devising suitable strategies in this regard.

Efficient use of energy by MSMEs is emerging as an area of critical importance. Thus, SIDBI has recently signed a MoU with Bureau of Energy Efficiency with an aim to advance and implement energy efficiency measures in the MSME sector.

This is an exciting time for us as the project surges ahead to replicate success of 3 pilot clusters to 15 additional clusters. The ground plan has been laid and we have identified facilitator agencies to devise action plans and carry out focus interventions for BDS market development in MSME clusters.

Forging ahead, we will continue to bring to you stories and events covering relevant themes and would invariably look forward to your considered feedback.



N K Maini  
Executive Director  
SIDBI



Release of detailed potential survey report of Murshidabad District by Honorable Finance Minister, Shri Pranab Mukherjee. Also seen in the picture Shri R M Malla, CMD, SIDBI.



Training program on Risk Capital Financing for MSMEs, (left to right) Dr. Saurabh Srivastava, President, IVCA, Shri Rakesh Rewari, DMD, SIDBI, Shri N K Maini, ED, SIDBI, Shri Harsh Kaul, CGM, SIDBI)

*The MSME Financing & Development Project has a goal of increasing income and employment in MSMEs. The project aims to achieve this with a multi-pronged strategy which includes:*

- *Setting up of credit information and rating mechanisms.*
- *Building the capacity of Banks,*
- *Enabling environment for policy advocacy*
- *Most importantly, provision of market linked business development services in MSME clusters*



On a long term perspective, the project involves following steps to promote market led BDS in the clusters:

1. Identification of both demand & supply side issues in the select clusters
2. Stimulation / creation of demand for business development services from MSMEs,
3. Strengthening the capabilities of supply side (BDS providers)
4. Facilitating a sustainable demand-supply nexus of BDS providers and MSMEs

The BDS component of the project is being implemented as a pilot project in 3 clusters viz. Alleppey (Coir), Kanpur (Leather) and Pune (Fruit & Vegetable Processing) with long term intervention.

With about a 100 programs /events in the last 18 months, the project has reached out to over 3200 beneficiaries including MSMEs, BDS providers and other stakeholders. The pilot phase gained significant visibility, and the long term BDS intervention has now been expanded in 15 more clusters from March 2009.

“  
 The MSME Financing & Development Project has a super goal of increasing income and employment in MSMEs.  
 ”

# Demand...

As a starting point the project encourages, sensitizes and makes MSMEs aware about the utility of BDS to increase their competitiveness and also about BDS availability. The various tools used by implementing agencies in the clusters in this regard are:

- Awareness/ Sensitization / training events
- One to One Meetings
- Demonstrating Pilot/ Trial Transactions

*During the last 3 months, 36 events have been conducted in the 3 clusters, some of which are shared below.*

## Workshop on Art & Science of Coir Export

Keeping in view the need to build competitiveness for international business, a workshop on 'Art & Science of Export' was organized in Alleppey. The workshop drew participation from over 75 MSMEs showing interest in learning about export marketing. Discussions focused on market research, export entry steps with an open session on coir production. The workshop aimed to address MSMEs' need for services by generating exposure for micro entrepreneurs.



## Sensitization Programme on Energy Efficiency

Need for energy savings can be found in nearly every facet of operations in the food processing industry. A 'Sensitization Programme on Energy Efficiency' organized in Pune had an open discussion format to spread the message of efficiency and understand the challenges faced by the fruit and

vegetable processing industries. In a follow-up program to the initiative, about 40 units approached and had shown interest in reducing energy consumption by adopting more energy saving activities and energy audit services.

## Getting Tech-Savvy to Flourish

To address the growing need of microenterprises to use IT in daily operations, a 12 day practical computer training workshop for cooperative societies in Alleppey Cluster, "IT Gyanam Yaganam", was organized by the project. The workshop supported by Alleppey Coir Cluster Development Society was attended by 30 participants from different societies. Basic focus of the training was on computers skills, website



requirements, internet, and general training on new technologies to develop business. The workshop also proved an excellent way to reach out to the masses as each cooperative society has between 100-500 members working on various coir activities. This will help in developing linkage with the societies and BDS providers in the cluster.

## Workshop to teach new designs for business development

There are over 1000 household units in Kanpur making different varieties of affordable casual footwear for domestic market. This Sub sector faces many obstacles like constrained production due to lack of access to finance, low design input, low labor productivity and non-availability of skilled operators. To address the problem of low design input, the project facilitated services of expert footwear designer to initiate the design intervention with chappal manufacturers. The designer-introduced new footwear samples and encouraged the microenterprises to adopt these new designs. From the common pool of samples newly designed chappals were selected and taken to exhibition. The cost of developing these samples was shared by different stakeholders. The orders generated from the exhibition were distributed among the manufactures infusing confidence about the demand of leather footwear and generating a desire to create better designs in future.

# ... & Supply!

■ Strengthening of supply side includes capacity building of existing BDS providers and financial institutions in the cluster to serve the MSME market more effectively. It also includes creating new BDS providers as well as encouraging existing ones to start new services.

Some of the initiatives addressing supply-side intervention in this quarter are:



## Quality Technical Training for Food Processing Machinery Manufacturers

Most of food processing equipment manufactures in India are in small scale and need more support in terms of technological innovation etc. To address this issue, a Sensitization Programme for Food Processing Machinery Manufacturers was organized at the Pune cluster. The program addressed the demand for providing industry participants with better technological training, and also proved to be a platform for manufacturers for sharing best practices.

## Training program on Good Accounting Practices

Due to absence of sufficient liquidity

and weak financial documentation, microenterprises often face difficulties in accessing formal credit. On the other hand, they don't employ full time accountants/ professional due to cost factors.

To address this problem, a one month training program on "Good Accounting Practices" was organized, attended by 16 part-time accountants involved in providing related services to the auditing firms. The program had a special focus on the intermediaries that ultimately provide linkages between MSMEs and auditing firms, with an aim to equip accountants with higher awareness about modern accounting practices.

## NAFARI, Pune – Meso Level BDS provider

The Pune Fruit & vegetable processing cluster faces a number of challenges including the implementation of Food Safety & Standards Act 2006 (FSSAI). GoI is framing rules for implementation of the Act. The Project has been supporting National Agriculture and Food Analysis and Research Institute (NAFARI), Pune to address the issue.

A panel of Consultants has been



formed at NAFARI to provide consultancy on regulatory and mandatory requirements applicable to the food processing industry. The project is supporting the BDS providers through awareness, capacity building, benchmarking, etc. This panel consisting of experts / professionals would be covering the following fields: PFA, FPO, AGMARK, Commodity Act, weights and measures, labeling, excise, sales tax and income tax.



## METALAB: Common Testing Laboratory in Jamnagar

In the last issue of BuDS, details about the common testing lab set up by the Jamnagar Factory Owners' Association (JFOA) were shared. The lab has become fully functional.

In the last 3 months, around 1059 samples have been checked by the lab for 290 MSE units. It may be mentioned that facility is also emerging as an independent 3<sup>rd</sup> party verification of samples on behalf of buyers.

JFOA also conducted awareness cum training programme for testing facilities attended by over 25 MSMEs.

# Demand Supply Nexus

- Demand Supply nexus refers to creating an interaction between the MSME units and BDS providers, execution of market based transactions, and creation of institutional mechanisms to sustain the transactions over the long term. The project has progressed in the last 3 months to work on certain innovative mechanisms to create this nexus, some of which are:

## National level BDS Database

To facilitate exchange of information between BDS providers and MSMEs and cater to the needs of MSMEs operating from different locations, the process of creating a national level web based database of BDS providers has been initiated. As an outcome of this initiative, BDS providers will get a national web based level platform for showcasing their products and services,

and MSMEs will get BDS providers as per requirements at the competitive rates and according to their expertise in the sector.

## e-marketing Initiative

In the quest of making Kanpur leather cluster more competitive, an e-initiative has been taken by the project to tie up with an Ahmedabad based BDS provider. The BDS provider

operates a B2B and B2C exchange which is an online marketplace where buyers, sellers and intermediaries form communities, exchange news, offer products and services, and conduct business transactions. The initiative is expected to benefit entities in their Positioning, Penetration and Presence in the market.



## MSME-BDS Clinic

Every Friday, a 'Clinic' is organized in the Alleppey cluster to discuss various problems faced by the MSMEs and provides solutions through Business Development Services. A total of 60 MSME and 10 BDS providers have participated in different BDS clinics till date. A new topic 'Society Management' was introduced in the program to identify common mistakes, best practices and scope of further improvement in order to gain maximum benefits.

Continuing with this initiative, the 7th Clinic focused on 'Time Management' where participants learnt and shared techniques of saving time and derive maximum benefit of BDS.



Under the initiative, the project has taken up to promote 50 MSME units from Kanpur cluster for their online promotion and marketing to generate business leads and market their products not only to the domestic but also to the international markets. Till date, 10 units have confirmed their participation and started receiving assistance in website design and development.



# NEWS...

## ■ Implementing Agencies in 15 new Clusters

Buoyant with the results of the 3 pilot clusters in Phase I, the project has completed the process of engaging facilitator agencies for project

implementation in 15 additional clusters. The project seeks to replicate success stories and apply lessons learnt from the pilot projects in new areas and regions. At the outset, a diagnostic study to identify the issues which are

hampering the growth of MSME sector and BDS Market Development is being undertaken in each of 15 clusters.

The list of successful agencies and their contact details for respective clusters is as below:

Sub- sector	Clusters	Agency	E mail
Pharmaceuticals.	Indore, Dehradun, Hyderabad	APITCO Ltd.	hyd1_apitco@bsnl.in
Engineering - Raurkela	Coimbatore, Rourkela		
Floor Coverings	Bhadohi, Panipat,		
Knitted Apparel	Tirupur, Ludhiana	APEX cluster Development Services Pvt. Ltd. (ACDS)	info@indianclusters.org
Engineering - Chandigarh	Rajkot, Mohali-Panchkula-Chandigarh	The Energy and Resources Institute (TERI)	mailbox@teri.res.in
Dyes and chemicals	Ahmedabad	Entrepreneurship Development Institute of India (EDII)	ediindiaad1@sancharnet.in
Leather	Kolkata, Chennai		
Fruits & Vegetables processing	Ganjam -Gajpati,	Access Development Services	vipin@accessdev.org

## ■ BDS Monitoring Agency–

PMD have scaled up the scope of BDS interventions from 3 clusters to 18 clusters. To monitor & evaluate the progress of the BDS facilitator agencies in the various clusters, a BDS Monitoring & Evaluation agency would be hired. This agency will monitor and evaluate the BDS agencies, review their progress, and suggest changes to better their implementation strategies.

## ■ Energy Efficiency handbooks for 3 sectors–

The project is carrying out research studies on house-keeping measures for improving energy efficiency of MSMEs in Engineering (Coimbatore, TN), Foundry (Mohali, Chandigarh) and Ceramics (Morbi, Gujarat) sectors. The output of the exercise would be three booklets with simple 'Do's and Don'ts tips on Conserving Energy' on three different sub - sectors. It is also aimed that the booklets will suggest simple and readily available technologies to promote energy efficiency in 3 sectors. The booklets are expected to be available by June 2009.



■ **Bureau of Energy Efficiency and SIDBI sign MoU**

Efficient use of energy as well as innovative ways to reduce costs and maintain competitiveness has become critical. SMEFDP has taken energy efficiency as a theme to promote competitiveness of the MSME sector. In this endeavour, a Memorandum of Understanding (MoU) with the Bureau of Energy Efficiency (BEE) with an aim of promoting energy efficiency in the MSME sector.

The MoU would be covering the following areas:

- Creation of a shelf of energy efficient technologies for 25 MSME clusters
- Awareness, creation and capacity building of local BDS providers for implementing energy efficient technologies
- Financing of Eligible proposals for energy efficient technologies & measures.



■ **Exposure to MSME stakeholders - 8th World SME Expo-Hong Kong**

In order to build up capacities of MSME associations and MSMEs, the project

supported an exposure visit to Hong Kong. The visit of 12 member delegation was - aimed at providing exposure to an international SME marketplace for networking, business matching, and exchange of ideas and inspiration. The delegates generated exposure to best practices including the opportunity to judge their competitiveness among global players.

■ **Reaching out to underserved areas - Murshidabad**

The SMEFDP, in its attempt to strengthen the market led BDS, seeks to reach out to underserved areas as well. The project is in the process of designing a strategy towards creating models for economic developments of the underserved areas. In a pilot initiative, a Detailed Potential Survey (DPS) of Murshidabad District in

West Bengal was undertaken to survey the different groups of Agro/Rural Industries. The survey analyzed the existing infrastructure facilities in the region as well as the linkages and has suggested development of additional infrastructure required to support and promote the agro based industries in the region. The report was released through the gracious hands of the Hon'ble Finance Minister Shri Pranab Mukherjee on Feb 22, 2009. As an outcome of the survey, SIDBI has already launched a Rural Industries Program in the area.



■ **DFID Review**

A review of progress made in Kanpur leather cluster was conducted by a team from DFID. The team, inter alia, interacted with women artisans making leather whips and learnt about the impact of training programs for skills development.



# Feedback & Views! Feedback

*"We have gone through MSME BuDS (BDS Bulletin: MSME Financing & Development Project SMEFDP) and find this very useful and informative."*

*PRK Sobhanbabu  
Head - Hyderabad Regional Centre  
Winrock International India*

*"MSME BuDS, surely makes an impressive reading. Congrats. As we move forward in the project life, BuDS should capture more & more of outcome & impact vis-a-vis input and output."*

*Brij Mohan  
Ex ED of SIDBI & leading  
Developmental Expert*

*"Congratulations for your MSME BuDS. It is very informative and will make good reading. I enjoyed going through all the eight pages. The issue highlights, effectively, the exhaustive work carried out by PMD SIDBI in the three MSME clusters."*

*Shilpa Puri, Economist*

*"I came across a very interesting newsletter from you - the MSME BuDS."*

*Sushma Nair, Deputy Director  
International Division - Europe, FICCI*

*"Congrats to your leadership & your teams efforts on an excellent representation of projects. It looks like 2009 will be memorable and full of interesting challenges in view of global economic slowdown!"*

*Jagat Shah  
Cluster Pulse*

## Forthcoming Events

Event	Organized by	When and Where
Workshop on Upgradation /expansion requirements of CETP, Jajmau	Kanpur BDS Project	April 2009 Kanpur, India
Launch of Online Promotional campaign for Leather Industry, Kanpur	Sanblue enterprises	April 2009 Kanpur, India
Training program on Business Process Improvement for Coir MSMEs & Societies	Alappuzha BDS Project & ACCDS	May 6, 2009, Alappuzha, India
BDS Networking event for introduction of BDS Franchise model	Alappuzha BDS project	May 30, 2009, Alappuzha, India
Seminar on Coir product promotion to the PSUs in India - Domestic Market Promotion	Alappuzha BDS project & ACCDS	June 26,2009, Alappuzha,India
Common Branding initiative of Agricultural Development	ADT Baramati and Pune BDS Project	April 09,2009 Pune, India
Training Programme on Export Marketing	MCCIA and Pune BDS Project	June 09, 2009 Pune, India
Local Trainers' Training of BDS on Quality related issues	CFTRI, NAFARI and Pune BDS Project	June 09, 2009 Pune, India

We invite feedback and articles on different areas related to Business Development Services. We will try to include them or cover the issues suitably in subsequent publications.

E-mail us your contributions at [pmd\\_ndho@sidbi.in](mailto:pmd_ndho@sidbi.in) / [manojmittal@sidbi.in](mailto:manojmittal@sidbi.in)

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