



Implementing Business Development Service (BDS) in Rajkot Engineering Cluster



The Energy and Resources Institute
...towards global sustainable development



Supported Under :
MSME Financing & Development Project
(MSMEFDP)

About the project

The contribution of small and medium enterprise (SMEs) to the Indian economy is very significant in terms of employment, industrial output and exports. Indeed, there is now widespread recognition in India that a vibrant SME sector is potentially a key engine of economic growth, job creation and greater prosperity.

One of the characteristics of the SME sector is the clustering of units that produce related products in identified geographical location. such clustering provides critical mass for the customization of services and collaboration on mutually beneficial business operations, and thereby leveraging the advantages of economies of scale.

Given the importance of the SME sector and the location of SMEs in clusters, the Small Industries Development Bank of India (SIDBI) is implementing a World Bank-led multiagency / multi-activity project titled 'Small and Medium Enterprise (SME) Financing & Development Project'. The nodal agency for the project is the Banking Division, Ministry of Finance, Government of India; the international partners are the World Bank; Department for International Development (DIFID), UK; KfW, Germany; and GTZ, Germany. The project aims to improve SME access to finance and business development services (BDS). This is being done with the support of Technical Assistance for strengthening the credit information system, credit rating, credit scoring, structuring of innovative products, capacity building of the participating banks, policy and regulatory issues, and promotion of market-oriented BDS for the sector. The outcome will be to make SME lending an attractive and viable financing option for banks, as also to facilitate increased turnover and employment in the SME sector.

The project is being implemented in 15 SME clusters. The Energy and Resources Institute (TERI) is executing the project in this cluster. The project objective is to

- Development market of BDS
- Strengthen access to BDS providers
- Help BDS providers in the cluster to become self sustainable.
- Develop the cluster as a 'role model' for other similar clusters in the country.

BEE Star Rating Awareness Programme For Pump Industry

Place: Rajkot Engineering Association Conference Hall, Rajkot Date: 4 May 2009

TERI and SIDBI jointly organized an awareness workshop on 'BEE-Star rating programme' for pump manufacturers of Rajkot (Gujarat). The workshop was attended by around 35 leading pump manufacturers of the Rajkot cluster apart from officials from SIDBI, BEE and TERI.

Welcoming the participants, Mr Prosanto Pal, TERI briefed the participants about the previous work done by TERI among foundry units in Rajkot, and sought the cooperation of the local industrial units in successfully executing the TERI SIDBI project to develop BDS in the Rajkot engineering cluster. Mr Rishi Dwivedi, Deputy General Manager, SIDBI-Rajkot, informed participants about various SIDBI schemes for the small and medium scale entrepreneurs. Mr Manoj Mittal, Deputy General Manager, PMD-SIDBI, New Delhi explained the role of SIDBI in cluster development across the country. He further advised the entrepreneurs to look beyond the global economic recession, and provided a few tips and suggestions on how they might increase their business. Mr Abhishek Nath, Advisor (SME), BEE, New Delhi highlighted the salient features of the BEE Star Rating programme and shared the procedural aspects of the BEE energy efficiency labelling scheme for pump sets.



Mr. Prosanto Pal (Teri New Delhi),
Mr. Manoj Mittal - (DGM Project Sidbi, New Delhi)
Mr. Rishi Dwivedi (DGM Sidbi, Rajkot)

The presentations were followed by an active question-and-answer session, during which the participants were able to clarify several issues related to the BEE Star Rating programme.

First Cluster Coordination Committee Meeting

**Place: Conference Hall, Rajkot Engineering Association
Date: 25 August 2009**

The first meeting of the Cluster Coordination Committee (CCC) under the project was held on 25 August 2009. Mr. Girish Sethi welcomed the CCC members and briefed them about the broad objectives and background of this project, which TERI is implementing with the support of SIDBI. Mr. Rishi Dwivedi provided an overview of the activities of SIDBI in general, and also of its specific activities in the Rajkot cluster.

The TERI team then made a presentation on the findings of the diagnostic study including research methodology; the international and national scenarios in regard to foundries and pump industries; key statistics on the cluster; analyses of business operations; important current issues identified in the cluster and priority areas; the need and potential for BDS development; and a detailed first year action plan for the project in the Rajkot cluster.

During the discussions that followed, the following key points emerged :



ITI, Rajkot promised full support to train workers and staff of MSMEs under their modular training schemes, and even to modify these modules as per the requirements of the industry, if needed.

All members present approved the proposed action plan in the cluster. The CCC members as well as representatives of the Rajkot Engineering Association (REA) offered their full support and cooperation to this project. The meeting ended with a vote of thanks by TERI.

Participants

Cluster Coordination Committee

1. Mr. Rishi Dwivedi, DGM-SIDBI, Rajkot Br.
2. Mr. Shailesh Kawa, President - Machine Tools Manufacturers Association
3. Mr. Jayesh Patel, Leading Industrialist-KIWI Pumps
4. Mr. Amrutbhai Patel, Vice President-Shapar -Veraval Industrial Association
5. Mr P. L. Raval, Principal, Industrial Training Institute



Mr Kamlesh Sakariya making a presentation at the event Rajkot Engineering Association

1. Mr. Maganbhai Antal, Secretary REA on behalf of Mr Bhaveshbhai Patel-President REA
2. Mr. Jignesh Patel, Treasurer, REA & Cluster Coordination Committee Chairman

Others

1. Mr. Girish Sethi, Director, Industrial Energy Efficiency Division, TERI- New Delhi
2. Mr. Prosanto Pal, Sr. Fellow, TERI-New Delhi
3. Mr. Bharat Davda, Manager, Rajkot Engineering Cluster
4. Mr. Kamlesh Sakariya, Networking Expert, Rajkot Engineering Cluster
5. Mr. A K Balajee, Jr. Cluster Expert- MSME Foundation
6. Mr. Shashank Jain, TERI
7. Mr. Vimal Dhamecha, Web Developer



CCC members in meeting.

Cluster Launch Event

Place: Auditorium Hall, Rajkot Engineering Association, Rajkot

Date: 22 September 2009

This event marked the formal launching of the project in the Rajkot engineering cluster. It was attended by over 190 industrialists and/or their representatives from the cluster.

The event was inaugurated by distinguished guests, following which the TERI team presented a short documentary film showing the successful demonstration and promotion of an energy-efficient cupola, the divided blast cupola (DBC), in the Howrah and Rajkot foundry clusters. The DBC yields 25-35% energy savings. A number of DBCs are already operating in various foundry units in Rajkot.

The deputy general manager (DGM), SIDBI, Rajkot Branch, provided information on the financial schemes offered by SIDBI for MSMEs. He urged the industrialists to come forward and take advantage of these schemes. Mr Kamlesh Sakariya, Networking Expert, Rajkot project team presented the highlights of the project's diagnostic study report and the action plan for the Rajkot cluster.

In his key note address, Mr Indubhai Vora, leading industrialist and ex-President of REA, shared his five-decade-long experiences with the participants. He commended the entrepreneurial spirit of the Rajkot industrialists and urged them to avail of the opportunities and benefits offered by various government schemes, including the financing options offered by SIDBI. Mr Bhavesh Patel, President, REA, mentioned that initiatives had been taken in the past in the Rajkot cluster for development of the bearings, diesel engine, and machine tools industries. However, the response to these



Cluster Launch event inauguration by REA president Mr. Bhavesh Patel

initiatives had not been adequate. Hence, the current project assumes great importance and offers immense opportunities for development of the cluster in a holistic way. He assured the participants of REA's support in this venture, adding that REA had already provided a small space for the project's cluster office in its own premises.



Mr. Girish Sethi, TERI, addressing Cluster Launch Event.

Mr. Venkatramnan from the Foundation for MSME Clusters (which plays the role of monitoring agency), described in clear and simple terms the objectives and activities of the project and explained how MSMEs could derive benefits under the project. Mr Dhirajlal Suvagiya, leading pump industrialist and Managing Director of Falcon Pumps, presented interesting data on the Rajkot pump industries and described the difficulties faced by units in testing of pumps and in obtaining quality certification of products such as ISI marks. The TERI and SIDBI representatives said they would initiate efforts to overcome these hurdles.

Mr Prafulbhai Dhama, Partner of Gautam Technocast and Vice Chairman of Institute of Indian Foundrymen (IIF), Western Region, appreciated the efforts made by TERI to bring about technological improvements in the foundry sector. He urged the foundry entrepreneurs present to install DBCs, as these



A view of Participants

improved-design cupolas offer coal savings of up to 35% compared to the conventional cupolas. He also expressed the need for a well-equipped foundry lab in Rajkot, similar to the Centre for Foundry Education & Research (CFER) in Ahmedabad.

Workshop On BIS/BEE/GEDA Schemes for Pump Industry

Place: Rajkot Engineering Association Conference Hall, Rajkot

Date: 28 October 2009

The participants were welcomed by Mr Kamlesh Sakaria, Networking Expert of the project, following which Mr Sachin Kumar of TERI briefly described the role of TERI as the Cluster Development Agency (CDA). During its survey of the cluster the project had identified the need for a common facility center (CFC) for testing pumps; the process of establishing this CFC has been initiated.

Mr S Kishorkumar, Director, Bureau of Indian Standards (BIS), Rajkot Branch, presented the profile, functions and activities of BIS in bringing benefits to and ensuring the safety of the consumers by establishing and promoting benchmarks for standards, nationally as well as at international level. Around 18,000 products have been standardized so far by BIS, of which 144 product certificates including 7 in the pump industry have been given by its Rajkot branch. BIS is trying to simplify its product certification procedures. Application forms can be downloaded from the BIS website www.bis.org.in, or industries can email rbo@bis.org.in. Once applications are received, BIS officers visit the factories and inspect the products concerned; they may also collect samples from the market. Thereafter, BIS issues the necessary certificates of quality standards which are valid for a year. Mr Kishorkumar described the correct marking required on products, and also mentioned how the ISI marking is misused.

The Joint Director of BIS stressed the need for standardization of products in the pump industry. He described the different kinds of pumps being used for agricultural, industrial and domestic purposes, and observed that there is scope for changing the existing standards for

different kinds of pumps. Information on how BIS tests the efficiency of pumps can be obtained from the 'Technical Department' section of the **BIS website**.

Mr R N Bhatt from Gujarat Energy Development Agency (GEDA) outlined the objectives and activities of GEDA. A primary function of GEDA is to conduct energy audit in order to identify areas that offer potential for energy conservation. Since its inception in 1985, GEDA has audited around 1500 industries. He pointed out that there is



Snap Shots of the Workshop

considerable scope for energy conservation of 10-25% among industries in the Rajkot cluster.

Scope for energy conservation in various sectors

Industries	Up to 25 %
Transport	Up to 20 %
Agriculture	Up to 30 %
Domestic & Commercial	Up to 20 %
Economy as a whole	Up to 23 %

Source : GEDA

Mr. Bhatt suggested that for MSMEs, the 'walk-through energy audit' or WTEA is a good option as the registration fee is only 500 rupees. During the current year, GEDA has targeted 1000 MSME units under its WTEA scheme. Further information on the WTEA scheme may be obtained from the GEDA website www.geda.org.in.

Mr Alvin Jose, Project Engineer, BEE provided information on the BEE pump set labelling programme, which has been under way for over 2½ years. An MSME unit that already has a BIS standard for its product can apply to BEE to label and promote its product as an energy-efficient pump, and thereby create a benchmark for the pump industry with its own product (i.e. the pump industry will strive to achieve the same performance with lower energy, or to achieve better performance with the same energy). The BEE label can increase the market demand for the MSME unit's product. Details regarding the BEE labelling programme can be obtained from the BEE website

www.bee-india.nic.in or by emailing application@beenet.in (Ph. No. 011-26179699).

More than 45 participant from various pump manufacturing units participated in the workshop.

Workshop on Entrepreneurship Development
Place: Hotel K-Rose, Rajkot
Date: 25 November 2009

The participants included 39 entrepreneurs from the Rajkot cluster. They were welcomed by Mr Bharat Davada, Cluster Manager, Rajkot Engineering Cluster, following which Mr Sachin Kumar from TERI provided a brief profile of TERI and its activities in the Rajkot cluster under the project.

Mr Ram Bhat, Professional Trainer and proprietor of 'Options and Solutions', seated the participants in small groups according to their specializations and had individual participants introduce themselves and their firms. This facilitated free interaction among the participants and helped them generate ideas for discussion. The discussions highlighted a number of common issues and needs that the entrepreneurs face in their business processes:

- Scarcity of skilled workers/employees, e.g. in foundry, pump testing, plastic manufacture, and in middle-management levels in all sectors
- Need to tie up with the local ITI (Industrial Training Institute) for development and delivery of training modules for personnel.
- Need for production planning
- Need for information on markets and on government policies and schemes regarding SMEs
- Explore pump exports
- Explore international bidding participation

Brainstorming with each group led to the following conclusions:

Pump group

- Establish testing lab for pumps (to ensure accordance with norms of BIS)



Mr. Ram Bhat addressing participants

- Establish calibration center.
- Make arrangements for training of employees in pump testing (training module of 46 weeks)
- Identify/develop consultant(s) who could provide designing services for pump sets
- Plan ways to obtain latest information about various government schemes for SMEs and to avail of incentives
- Strengthen marketing

Foundry group

- Open a counselling center at Rajkot Engineering Association premises. The center will provide counselling in marketing, finance, and technical upgradation for various industry segments.

ITI (Mr Hitesh Dave)

- ITI Rajkot is a 'Centre of Excellence' (COE) and has comprehensive facilities to provide training for industry personnel. Interested units need only write to the Director, Employment & Training.
- SME units should identify the kind of skilled personnel they want (e.g. fitter, electrician, turner, machinist, computer operator, welder, etc.)
- Units should contact the placement advisory cell at ITI Rajkot, for their need for skilled manpower. The contact person is Mr Rajesh Trivedi mobile phone: 9427213452

:: Contact Us ::

TERI-SIDBI Rajkot Engineering Cluster

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