

Ahmedabad Dyes & Chemicals Industry – On a Growth Trajectory

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SIDBI- EDI Project for Implementing Business Development Services (BDS) in Dyes & Chemicals (including Packaging Material) Cluster at Ahmedabad

PROJECT TEAM

- Bipin Shah
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Dear Readers,

Micro, Small & Medium Enterprises (MSMEs), an industrial outlay, responsible for over 65% contribution in the nation's economic growth, needs a lot of attention and nurturing for a stronger base and assured growth. The independence and individuality of MSMEs, however, brings inherent limitations in terms of lack of resources at disposal for assured growth and upgrading to higher scales. This has to be addressed in order to make the MSME sector, stronger, competitive and growth oriented. The solution lies in a stronger tie up of the MSME sector with the essential Business Development Services (BDS). A stronger link between the two will take both the beneficiaries to greater heights in their respective businesses and yield high growth for the overall industry.

This project has been launched by Small Industries Development Bank of India (SIDBI), in association with Entrepreneurship Development Institute of India in order to ensure a better linkage of the two, expecting an active participation from both the stakeholders.

It gives me a great pleasure to place before you the first issue of this newsletter, which will be published every four months. The objective of this endeavour is to share our field level experiences and knowledge acquired from various sources. I am sure you will find this insightful.

Bipin Shah

Team Leader & Sr. Faculty-EDI

Editorial

2008-09 – a year where everything looked bleak, in the face of a global meltdown. The worst hit was the IT sector with a major share in the US market. Outsourcing in almost any field that can be named was affected.

A cautious consumer response led to an even worst situation in the production sector, causing a slow down in production and in many areas. This led to negative growth. Inflation fell to a lowest level in history with a suspicion negative inflation, if not deflation.

Worst hit was the MSME sector which has a larger stake in the country's production. The industry has to learn to come out of the deep and prosper.

This news letter will carry features, both informative and educative, which will benefit both the stakeholders, MSMEs and BDS. *A hope is never ending when coupled with a conscious effort to prosperity!*

Hemant Agarkar
Subject Matter Expert

Implemented by:



Entrepreneurship Development Institute of India

About the Project: Implementing Business Development Services (BDS) in Dyes & Chemicals (including Packaging Material) Cluster at Ahmedabad, Gujarat.

The Project, launched successfully on 6th October 2009, had a lot of pre-study comprising data collection from stakeholders. The objectives of the project are to:

- Foster BDS Market Development
- Establish linkages between MSMEs & BDS
- Develop a cadre of BDS Providers to help become self-sustainable
- Create Role Model with strong demonstration effect.

The following steps are involved in execution of the project:

- A. Diagnostic Study
- B. Developing Priorities & Action Plan
- C. Implementation
- D. Monitoring & Evaluation

Taking approximately 5% as a sample size, representing all sections of the

stakeholders, the EDI team developed an Action Plan, for the next 24 months. The activities planned are as under:

- Sensitization of stakeholders
- Addressing issues related to environmental hazards, with a model replicable throughout the cluster units.
- Helping units achieve cleaner and greener production, thus facilitating value addition activities
- Energy optimisation by taking up energy audits in model units, which can be replicated in the cluster.
- Training programs for workers, supervisory staff and the management level personnel
- Training programs for Business Management Organisations and financial institutions for better linkage with the beneficiaries.

- Creating a raw material bank and a platform for common marketing.
- Establishing a network with the other clusters.

The stakeholders will have a chance to get registered on their own site launched under the activities of the project and look forward to B2B portal. EDI has entered into an MOU with Gujarat Chemical Association (GCA) & Gujarat Dyestuff Manufacturers' Association (GDMA) for the successful implementation of the project. The project implementation will be closely monitored and necessary steps are being taken up by the monitoring agencies, by way of establishing linkages with the entrepreneurs involved in this sector. Talks have been initiated with the beneficiaries and their BMOs.

Findings of the Diagnostic Study Report (DSR):

The field survey was analyzed by the team and representatives from all the participating beneficiaries were invited for a focused group discussion on 22nd and 25th May 2009. The findings were shared with the participants and their view points were documented. The objective of Focused Group Discussion (FGD) was to brainstorm and find out the weak areas in the cluster.

The cluster members in the MSME segment made a number of suggestions like,

- study of man-power management,
- creation of a co-operative society for marketing,

- incorporation of a separate company for marketing,
- creation of bi-product chain and marketing thereof etc.

Whereas the BDS experts suggested to

- train the professionals for export import,
- impart knowledge of various international languages,
- create awareness amongst the enterprises about Govt. schemes,
- make available the facility of single window service,
- educate cluster entrepreneurs on the significance of BDS,

- impart education on cleaner production to SMEs.

The main pressure points were:

- (1) Environmental Compliance
- (2) Cleaner production
- (3) Energy Utilisation
- (4) Raw Material Procurement
- (5) Quality registration
- (6) Training to workers
- (7) Marketing

Launching of Web Portal

A website www.ahmedabaddyechembds.com has been launched for the project beneficiaries. This site has various features such as; incorporating activities like registration of BDS and MSME units, information sharing and possibility of B2B portal etc.

The portal has more than 12800 hits in a couple of months showing growing interest. In the coming years, the benefits will start reaching the grassroots the member beneficiaries and this will be a frequently visited portal.



Project Launch workshop



(L-R) Mr. S. Venkatramanan, Consultant, Foundation for MSME Clusters (FMC); Mr. Bipin Shah, Team Leader, EDI; Mr. Jaimin Vasa, President, Gujarat Chemical Association (GCA); Mr. Shankarbhay R. Patel, President, Gujarat Dyestuff Manufacturers Association (GDMA); and other Vatva Industries Association (VIA) office bearers during the Project Launch workshop.

On the basis of this information a cluster co-ordination committee was formed to monitor the project activities with a comprehensive representation of all the stakeholders in the cluster. The members

include representatives from Public BDS like GITCO, ATIRA, CIPET, Pvt. BDS, BMOs, GPCB, SIDBI, FMC etc.. The first cluster committee meeting was held on 12th Aug 2009 at Ahmedabad. This was attended by almost all the stakeholders. The purpose was to familiarise the members with each other, impart a clarity on roles, present the DSR and points of the FGD and finalise the action plan activities.

The workshop was organised to acquaint the MSMEs with the following activities, which will be implemented under this project during the next 28 months:

- Workshops on Environmental Hazards, Cleaner Production, Energy Conservation
- Establishment of Primary treatment Plants in selected units for demonstration.
- Value Chain analysis by experts and action plan for value addition for selected units.

The Cluster Coordination Committee (CCC) meeting led the team to the launch workshop for the project and this was done in the presence of the BMOs of all stakeholders on **6th October 2009**. The meeting was addressed by eminent office bearers, representatives of MSME Foundation and SIDBI, BDS and SME members. It was participated by around 50 members.

The workshop concluded by informing all, about the activities over the next few months.



Mr. Bipin Shah, Team Leader, EDI explains the project details to the participants of the workshop.

Sensitisation Workshop at Naroda

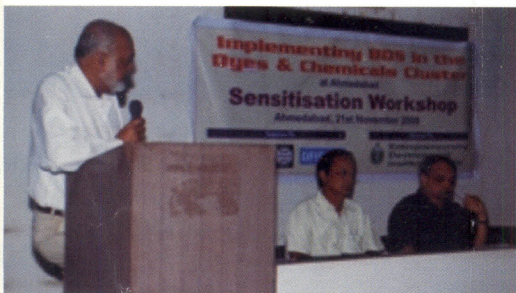
The MSME units are scattered over 3 major industrial estates developed by the Gujarat Industrial Development Corporation. EDI organized a sensitization workshop at Naroda Industrial Estate on 21/11/09. The workshop was attended by 70 participants and all participants showed great enthusiasm. The open house discussion was very well participated.

Mr. Shailesh Patwari, President of NIA, and Chairman of Naroda Enviro Projects Limited (NEPL), announced an equal subsidy to the one announced in the project for effective primary treatment

plant for the treatment of effluent. Mr. Patwari also announced subsidy on the activity of energy audit for participating units.

Events to be conducted during Dec 09-March 10

1. Workshops on Environmental Hazards at GIDC Odhav and Vatwa. – This is aimed at ground level briefing on the MSMEs with the help of eminent BDS experts and thus preparing the MSMEs owners for accepting the interventions.
2. Preparation of DPR for setting up 3 model Primary Treatment Plant (PTP).
3. Execution of project – Setting up PTP with the help of BDS and MSME linkage.
4. Value Chain analysis by experts, and action plan preparation for value addition at selected units – A simultaneous process for helping the PTP activity implementation.
5. Energy Development in selected units in order to make the units cost effective in energy consumption.
6. Seminar on quality registrations and other quality regulations.
7. Skill Development Programmes for workers and other MSME employees.
8. Training programme for bankers and financial institution personnel.
9. Training of Association Executives for capacity building of BMOs.



Seen during the workshop is Mr. Shailesh Patwari, President, Naroda Industries Association (NIA) presenting his views about the project. Other dignitaries seen on the dais are Mr. Nilesh Gajjar, Sr. Consultant, GITCO and Mr. Bipin Shah, Team leader, EDI

Guidelines on Energy Management- Part-1

PREFACE

India's energy intensity per unit of GDP is higher by 3.7 times that of Japan, 1.4 times that of Asia and 1.5 times that of USA, indicating very high energy wastage, and thus potential of substantial energy saving. The increasing liberalization of global trade and growing competition have made productivity improvement and energy cost reduction as the most important benchmarks for economic success..

This calls for concerted efforts by industry to reduce energy intensity for their products. India's projected economic growth is slated at 7.4 percent in the period 1997-2012 (Planning Commission). This would necessitate commensurate growth of commercial energy resources, most of which is expected to be from fossil fuels and electricity. To bridge peak power shortages (13 to 15%) and average shortages (8 to 10%), India would require fresh capacity addition of nearly 100000 MW (assessed by Central Electricity Authority), more than 75% of which is likely to be coal based. This would require an investment of the order of Rs.800000 crores. This poses a great challenge to a developing country like India. India needs a paradigm shift in approach to overall energy policy issues - a shift from supply domination to an operational efficiency improvement of existing power generating stations, T&D losses reduction, and most importantly the end use efficiency improvements.

Thus, integrated resource planning and demand side management (DSM) including active promotion of efficiency in end uses of energy should evidently constitute our long-term energy strategy.

The policy goals and concepts will have to be shifted from energy conservation to energy efficiency and from energy inputs to the effectiveness of energy use and energy services for all sectors of economy.

The industry sector, a major consumer of energy, has significant potential to improve its end-use energy efficiency resulting in reduced energy consumption and cost minimisation. This is more so crucial for the energy intensive sectors

like, Petro Chemical, Plastic, Cement, Fertiliser, Cement, Fertilizer, and Iron & Steel, etc.

ENERGY POLICY STATEMENT

Having a well-defined energy policy at Management level, is the first significant step towards achieving long term goals of energy management in the industry.

A Management level energy policy would give objectivity, purpose and motivation to all the efforts made throughout the organisation in improving energy efficiency and managing best end-use of energy.

It has been observed by us during our Energy Audit Programs with several industries of Gujarat that Indian Companies have a focus on energy efficiency and energy management aspects but this commitment has not been formalised in 98% of cases through a company-wide energy management policy.

If commitment to managing energy is left to operate on an unofficial or adhoc basis, it can be derailed or its impact lessened by changes in personnel, whether among top managers or co-ordinators.

Where commitment is informal, the loss of a key decision maker at any of these levels can undermine energy management activities. Additionally, unless commitment is formally endorsed, there is also a danger that other priorities will crowd out the attention given to energy management whether in terms of managerial time or allocation of staff and resources.

Furthermore, unless responsibilities and accountability for energy consumption are clearly written down and routinely distributed to all relevant employees, they cannot easily be included in staff performance evaluations.

It is a well-established fact that a formal written energy policy acts both as:

- A public expression of an organisation's commitment to energy management
- A working document to guide energy management practices and provides continuity

These two aims suggest that the policy should be published in two parts.

Part 1 : Comprising of an expression of commitment and summary of general principles, for publication and dissemination.

Part 2 : The detailed operating policy containing commercially sensitive information and procedures, for internal circulation and operationalisation.

A sample of energy policy guidelines is given below.

Sample energy policy contents

Part 1

- Declaration of top management commitment to, and senior and middle management's involvement in energy management
- Statement of policy
- Statement of objectives, separated into short and long-term goals

Part 2

- An action plan specifying work programme over a time frame
- Budgeted resource requirements including staffing complement, investment and training needs necessary to achieve the objectives of the program
- Assigned responsibility and accountability for actions outlined, specifying individuals by name and position
- Description of energy management cell's responsibility, structure, membership and reporting mechanisms
- Appoint cell representative for each department and specification of internal and external lines of communication
- Statement of review procedure, defining milestones and mechanisms for assessing overall progress and value for money as well as appraising the performance of individual members of staff.

I close this article herewith.. In continuation of same and in next issue we will discuss about same article with Example of Policy Statement, Policy Guideline & Creation Of Energy management Cell.



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