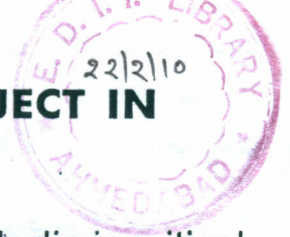


ACTIVITIES OF BDS MARKET DEVELOPMENT PROJECT IN CHENNAI LEATHER CLUSTER



Micro Small and Medium Enterprises Sector (MSMEs) in India is critical for industrial as well as economic growth. This sector offers good employment potential at low capital cost. In the global context, developing a strong and sustainable nexus between MSMEs and BDS providers is crucial for enhancing the competitiveness of MSMEs. Cluster approach for development of MSMEs is a new concept introduced in India by UNIDO in the late nineties and now vigorously pursued by the Central and State Governments.

An important aspect that came to light out of diagnostic studies is that MSMEs have not been able to make effective use of consultants for improving management and manufacturing practices to international standards due to lack of awareness and high cost of expert services. MSMEs with limited financial resources cannot afford to employ full time experts. Thus the services of consultants and experts, otherwise known as Business Development Services (BDS) have been by and large beyond the need of most of the MSMEs.

Small Industries Development Bank of India (SIDBI) as the premier institution for financing and development of MSME sector is creating enabling and support environment for fostering the growth of a strong and sustainable nexus between MSMEs and BDS providers through a new project, namely, BDS Market Development Project for MSMEs. As the Nodal Agency, SIDBI has selected 18 clusters for this World Bank-led multi agency-(IBRD, DFID, GTZ and KFW) funded project. In view of the huge contribution of Chennai for the overall manufacture and export of leather and leather products in the country, Chennai Leather Cluster has been selected for this project and the implementation has been entrusted to Entrepreneurship Development Institute of India (EDII). In order to co-ordinate the implementation of the project, EDII has constituted the Cluster Co-ordination Committee (CCC) consisting of leaders of various segments of the industry in the cluster, associations, institutions and experts.

After extensive consultations with all the stake-holders in the cluster, EDII prepared the Diagnostic Study Report and Action Plan embracing all sectors of the industry. The findings of the DSR and Action Plan were deliberated in the meeting of the CCC and after incorporating the

suggestions of CCC, the package of initiatives for making BDS available for all sectors of leather industry in the Chennai cluster was launched on September 30, 2009.

Project Launched

The launch workshop of the BDS Market Development Project of the Chennai Leather cluster was held on 30.09.2009 at Triple Helix Auditorium of CLRI. About 140 stakeholders comprising Tanners, Product Manufacturers, Associations, Institutions, BDS providers etc. attended the meeting.

Three technical presentations were held on this occasion, Dr. N.K. Chandra Babu, Deputy Director, CLRI on "Cleaner Production Technologies for Tanneries"; Mr. Prasad Madhavan, Director, TANSTIA FNF on "Website as Vehicle for Business Development"; Mr. Amarnath and Mrs. Aiyar of BYST on "Mentoring Support Towards Credit Linkages" to MSME.

Mr. Karunanidhi, President, Pallavaram Tanners Association, Mr. Mohamed Nazeem, Managing Director, PTIETC and other stakeholders of the industry agreed to extend their co-operation and support for implementation of the BDS Development Project in Chennai Leather Cluster.

An awareness programme on energy conservation for tanneries was held on 14.10.2009 at Chromepet, Chennai. Apart from the office bearers of the PTA and PTIETC, seventy tanners participated in the meeting.

Seven tanning companies readily accepted to implement energy audit and energy saving measures in their respective tanneries. We have identified Indian Leather Industry Foundation (ILIFO) as BDS provider. Tripartite agreements among EDII, ILIFO and the five individual tanneries were signed. The ILIFO has started implementing the programme on energy saving methodologies in all the five tanneries. The BDS Market Development Project acting as facilitating agency is bearing 50% of the programme implementation cost and the rest by the beneficiaries. Based on the success, we have plans to extend the facility to some other tanneries.

An awareness programme on SA 8000 was held on 22.10.2009 at B.M. Das Hall of CLRI. The focus of the programme was towards leading

leather-products-manufacturers and exporters. Around 40 cluster actors participated in the programme. Two MSMEs expressed their willingness to implement the SA 8000 programme in the units. M/s. URs Productively is the BDS Provider. The EDII has already entered agreements with M/s. Sakthi and the BDS Provider. The programme implementation has already been started. Efforts are being made to start the programme in another MSME. The BDS Market Development Project is extending financial assistance to the tune of Rs.45,000/- per unit for SA 8000 programme implementation.

Awareness Programme on Collateral Free Loans and Rating Methodology for Leather and Product Units was conducted at CFTI Conference Hall in Chennai on 19 November, 2009.

The EDII BDS Market Development Project has arranged an Awareness Programme on the above subject at CFTI Conference Hall in Chennai on 19 November 2009.

MSMEs Twenty MSMEs had shown interested to have collateral free loans. We have identified Mr. Ravindran, Consultant, CGTMS for as BDS Provider for arranging the loans. Finalisation of MoA and signing of the documents with the BAS provider and the MSMEs is in the process. As facilitating Agency, the BDS Market Development Project is bearing around 35% of the cost and the rest by the beneficiaries.

Workshop on Wind Energy Generation

The BDS market development project in association with the Indian Leather Industry Foundation (ILIFO) and Chennai Environmental Company of Tanners (CEMCOT) had jointly organized a half-day seminar on sensitizing the wind energy option for reducing the maintenance cost of Common Effluent Treatment Plants (CETPs) and Individual Effluent Treatment Plants (IETPs) on 10 December 2009 at the Central Leather Research Institute, Chennai. Sri M.M. Hashim, Chairman, CEMCOT was the chief guest.

With the installation of RO in CETPs and the consequent increase in power costs of its maintenance, it has become necessary to look for alternatives to reduce the cost. The objective of the seminar was to discuss in details the costs involved and to seek the support of Government to establish wind energy generators as common facility for CETPs and IETPs.

There were 70 participants from leather industry, CETPs, IETPs, BDS providers representatives of various institutions and associations.

Seminar on REACH

In order to create awareness among the tanners, exporters of leather and leather products, the BDS Market Development Project of the Chennai Leather Cluster in association with CLRI has arranged a seminar on REACH at Central Leather Research Institute on 7.1.2010.

Dr. Rashmi Naidu, from REACH support Nagpur, Dr.C. Muralidharan and Dr. Ganesh Jeevan, Scientists, CLRI made detailed presentations on all aspects of REACH.

Around 80 MSMEs drawn from Training, Footwear, Leather Goods and Garments manufacturing units, representative of PTA, PTIETC, ISF, AISHTMA, IFLMEA and Senior Scientists from CLRI have participated in the seminar. There were lively interactions from the industry.

Second Cluster Coordination Committee Meeting (CCC)

The 2nd CCC of the BDS Market Development Project is being held on 27th January 2010 at 11.00 a.m. in the Conference Hall of the Central Footwear Training Institute. Thirty CCC Members comprising institutional heads, representatives of the associations, the BDS provides and the selected beneficiaries are participating to review the activities completed and to discuss the Action Programme for the year 2010 and 2011.

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