



# 4<sup>th</sup> National MSME Convention

Unleashing India's MSME Potential: A New Vision  
8<sup>th</sup> and 9<sup>th</sup> May 2013, Guwahati

## Background Paper

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# AIMA

ALL INDIA MANAGEMENT ASSOCIATION

## 4<sup>th</sup> National MSME Convention

Unleashing India's MSME Potential: A New Vision

8-9 MAY 2013

GUWAHATI

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# **ABOUT AIMA**



## **About AIMA**

The All India Management Association (AIMA) is the national apex body of the management profession in India. Over the last five decades, AIMA has contributed immensely to the enhancement of management capability in the country.

AIMA has a broad base of 66 Local Management Associations including two cooperating LMAs abroad, with a membership crossing 30,000 in number. AIMA is a non-lobbying organisation, working closely with Industry, Government, Academia and students to further the cause of the management profession in India. AIMA is represented on the Boards of India's premier Business Institutions like Indian Institute of Management – IIMs. AIMA is also represented on Boards of Government bodies including the All India Council for Technical Education, National Board of Accreditation, National Productivity Council to name a few.

AIMA makes a salutary contribution to management learning and practice in the country by offering various services in the areas of testing, distance education, research, publications and management development programmes.

AIMA brings to the Indian managers, the best management practices and techniques through numerous foreign collaborations with professional bodies and institutions. AIMA is a member of the Asian Association of Management Organisations (AAMO) and works closely with several international management institutions like Insead, St Gallen Foundation etc. in organising international conferences and management development programmes.

**UNLEASHING INDIA'S POTENTIAL  
OF MSMES: A NEW VISION FOR  
NORTH EAST INDIA**

**Theme Paper**  
**on**  
**Unleashing India's Potential of MSMEs: A New Vision for North East India**

**1. Indian Economy and SMEs**

The Micro, Small and Medium Enterprises (MSME) sector is an important pillar of Indian economy as it contributes greatly to the growth of Indian economy with a vast network of around 3 crore units at present, creating employment for 7 crore people, manufacturing more than 6,000 products, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. MSME sector has contributed very significantly in achieving India's GDP growth rate of 7.9 % during the 11<sup>th</sup> Five Year Plan (2007 -12). It is envisaged that the growth rate during the 12<sup>th</sup> Plan period (2012 – 17) could be achieved to the extend of 8.2%.

As per the quick estimates of 4<sup>th</sup> All-India Census of MSMEs in 2006-07, the number of enterprises in the country is estimated to be about 2.6 crore and these provide employment to an estimated 6 crore persons. Of the 2.6 crore MSMEs, only 7 Lakh (6%) are in the registered segment while the remaining 2.45 crore (94%) are unregistered. The State-wise distribution of MSMEs show that more than 55% of these enterprises are in 6 States only, namely, Uttar Pradesh, Maharashtra, Tamil Nadu, Gujarat, Andhra Pradesh and Karnataka. Only about 7% of MSMEs are owned by women; and more than 94% of the MSMEs are proprietorships or partnerships. MSMEs in India manufacture over 6,000 products, comprising of Food Products (22%), Chemical & Chemical Products (12%), Basic Metal Industries (10%), Metal Products (8%), Electrical & Machinery Parts (6%) and others (36%).

Keeping in mind the potential of MSME sector, it becomes all the more important to give special attention for growth of Small and Medium Enterprise sector since they only have the potential to provide highest wage employment for the labour force next only to agriculture as well as to provide goods and services at a lower cost. Various measures have been taken by the Government of India to give due support to this sector since independence from time to time. It has culminated in the enactment of MSMED Act in June, 2006 providing clear cut definition of micro, small and medium enterprises in the Industrial and Services sectors facilitating various agencies to provide requisite support for growth of this sector. SMEs continue to make significant contribution to the over all economies of various countries world over. Adaptability, resilience and ability to manufacture and to provide services with a high degree of flexibility and cost effectiveness have made SMEs a force to reckon with amongst all industrial economies of the globe.

## **2. Problem and Challenges**

SMEs are facing huge challenges to be able to play their due role in the national economy as well as to remain competitive in the era of globalization and liberalization. Some of the challenges are as follows:

- i. Inadequate access to finances and even lack of information to source finances and inadequacies to manage finance efficiently in addition to non-formal business practices,
- ii. Access to private equity and venture capital,
- iii. Limited access to secondary market instruments,
- iv. Growing competition from domestic and multinational companies,
- v. Limited access to international markets,
- vi. Vulnerability to market fluctuations,
- vii. Inadequate strategic linkages for market penetration,
- viii. Limited awareness and access to technology and product innovation,
- ix. Non adherence to standards and specifications and resultant poor quality of products,
- x. Lack of awareness on global best practices,
- xi. Considerable delays to the settlement of dues/payments of the bills by large scale projects and companies which has been aggravated due to economic slow down,
- xii. Similarly, exporting units are facing problems due to cancellation of orders and delays in receiving remittances against pending export bills, since the western economies have not fully recovered.

## **3. Common Characteristics of SMEs:-**

Despite regional variations, SMEs uniquely have common characteristics, some of which are:

- a) *Born out of individual initiatives and skills.*
- b) *Greater operational flexibility.*
- c) *Low cost of production.*
- d) *High propensity to adopt technology.*
- e) *High capacity to innovate.*
- f) *High employment orientation.*

g) *Utilization of locally available human and material resources.*

h) *Reduction of regional imbalances.*

However, SMEs have inherent traits that can cramp their growth in a highly competitive and globalized market:

- Key decisions are taken by individuals/owners or a small group;
- SMEs are usually dependent on people rather than processes or professional approach;
- Most SMEs place short-term gains over long-term vision;
- SMEs focus on cost cutting and getting more for less; and
- Most SMEs do not invest much in R&D and reluctant to induct new technologies.
- Similarly many MSMEs are not very quality conscious.

#### **4. SMEs in North East India**

The North East India comprises 8 states of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim and is a reservoir of rich natural resources and biodiversity, huge hydro – energy potential, oil and gas, coal, limestone, forest wealth, fruits and vegetables, flowers, herbs and aromatic plants, rare and rich flora and fauna. It has over 2000 km of border with Bhutan, China, Myanmar and Bangladesh which makes it a prospective hub of international trade and commerce. North East India is one of the most ethnically and linguistically diverse regions in Asia and each state have its distinct cultures and traditions. India's North East has been the meeting point of many communities, faiths and cultures.



**North East India**

North East is the emerging as hub for Look East policy of the Government of India and a regional market of more than 45 million people (3.76% of India's population) with literacy levels as high as 91.58% in Mizoram and most states being above the national average of 74.04%. The eight North East States cover 263179 Km<sup>2</sup> of area which is 8% of India's total area and constitute a GDP of Rs. 197, 753 Crores (2011-12, Current Prices) which is 2.39 % of India's GDP.

The North East India is satisfactory has recorded an annual economic growth rate in excess of 8 percent during the last decade. An impressive rise in the services sector has helped in the sustenance of high growth in this region. In absence of large scale industries, manufacturing in north east is currently dominated by small and medium enterprises. It is pertinent to mention that North East Region has got true potential to transform into a commercial hub of India and tourist paradise. Hence it is necessary to mobilize the SMEs and Entrepreneurs of North East India to channelize their energy and resources to bring out economic development and prosperity of the region. We are giving the MSME sector status state wise in table I as follows:

**Table I: Distribution of Principal Characteristics of MSME Sector\* in NER (2012 -13)**

Sl. No.	State/UT	Enterprise (lakh)	Employment (lakh)	Market Value of Fixed Assets (Rs. Crore)	Gross Output (Rs. Crore)
1.	Sikkim	0.07	0.57	72.16	189.76
2.	Arunachal Pradesh	0.25	0.88	937.48	1101.73
3.	Nagaland	0.18	1.17	1273.67	2845.03
4.	Manipur	0.49	1.58	646.03	1094.70
5.	Mizoram	0.13	0.56	403.14	677.21
6.	Tripura	0.28	0.76	661.73	1177.84
7.	Meghalaya	0.50	1.17	468.55	1150.80
8.	Assam	2.34	6.58	6941.15	13403.27
	Total (NER)	4.24	13.27	11403.91	21640.34
	All India	214.38	501.93	689954.86	1077212.86
	Percentage of North East Region against all India	(1.97%)	(2.64%)	(1.65%)	(2.00%)

\*Excluded activities under wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage & warehousing (except cold storage).

**Source: Tabulated from MSME Annual Report 2012 -13**

The GOI Industrial Policy NEIIPP 2007 brought a package of incentives which has encouraged enterprise in North East India

- 100% excise exemption on finished products,
- 100% income tax exemption,
- 30% capital investment subsidy on the investment of P & M,
- 90% transport subsidy
- 3% interest subsidy on working capital loan and comprehensive insurance etc.

**Arunachal Pradesh**

Arunachal Pradesh is primarily an Agrarian economy with a population of about 14 lakhs and lacks facilities and infrastructure for industrialization. Availability of power is a major issue, although it has a hydal power potential of 75,000 MW. The Gross State Domestic Product (GSDP) has been steadily growing but agriculture sector has shown a decline from 35.1% in 2004-05 to 28.8 % in 2011-12. Most of the increase in the industrial sector comes from public construction. Similarly, services sector contribution has been declining. Most of the Micro and Small Enterprises relate to handloom and handicraft sector. Transportation continues to be bottleneck which has also led to hindrance in marketing efforts of the MSMEs. Government has been promoting tourism sector and encourage tourists to visit Arunachal Pradesh.

**Assam**

Assam is the largest state in the North East region with estimated population of 3.11 Crore (2011 Census). It has a literacy rate of 73% and GSDP has been growing annually 8% between on an average from 2005-2006 to 2011-12. Agriculture sector has been growing at the rate of 6.6% during the same period. As per the advance estimates for 2011-12, the expansion of the 'Industry' sector, consisting of Mining & Quarrying Manufacturing (Registered and Unregistered), Electricity, Gas & Water Supply and Construction is likely to be high as compared to that of the preceding year 2010-11 at 4.8%. This promising development of the 'Industry' sector is because of elevated growth of sub sector like Construction (11.9%), Mining & Quarrying (5.1%) and Manufacturing (4.8%).

The growth in the manufacturing sector has not been very impressive. There is need to shift the focus to horticulture and agro processing. The collection of agro produce is very hectic and time consuming as farms are located in the hilly regions, small in size and scattered all over the region. There are collection points that stock low volumes. Not

only this but also 40-70% of the horticulture produce goes wasted in transportation and only a small quantity is available for sale of which 0.02% is being processed in the region. One of the reasons behind wastage is improper handling of farm produce. Farmers bring their produce in a big basket which is forcefully staged, thus resulting into damaging some of their produce. The produce is damaged further as it continues to migrate from smaller to larger containers and during transportation. There are only few cold storages (about 10-12) with poor power supply available in the state. This is compelling for the farmer to sell the stock at lower prices putting the farmer at a disadvantage. There is need to connect National Horticulture Mission (NHM) and other institutes with farm technology with farmers to ensure high farm productivity and to find ways to produce farm products during the off season also. Setting up of mini food park instead of mega Food Park may also be considered.

The Tea Industry of the state of Assam has a very important role in the economy of the state alongside that in the national economy. The state's tea industry enjoys a considerable repute across the globe as well. The total area under tea farming accounts for greater than 50% of India's total area under tea farming accounts for greater than 50% of India's total area under tea cultivation. Alongside the same, the tea industry of Assam offers average daily employment to greater than 6 lakh persons in the state. Due to congenial agro climate, rubber cultivation is gaining its reputation in Assam (10213 MT rubber productions in the year 2010-11). Alongside that the state has abundant scope for Bamboo based industry like Paper manufacturing industry, as this region has highest concentration of bamboo (around 60% of the total Bamboo of the country). Conventionally, sericulture a major cottage industry of Assam is practiced in more than 10532 villages and which employs more than 2.5 lakh of family. Assam has the domination in production of Muga, the Golden Silk in the globe. Although Assam is opulently gifted with mineral resources, the performance of mining sector during the year 2010 -11 was unsatisfactory as compared to that of previous year. The power supply situation in Assam was not much encouraging. There has constantly been a scarcity of power due to declining generation in contrast to demand.

Major constraint for SMEs is regular power supply, entry tax of 2%, weak infrastructure and transportation are bottlenecks. Some industrial estates developed by State have however, helped Micro and Small Industries towards growth. Raw materials brought from other states added to the cost. Setting up of raw material bank and will help MSMEs to overcome this bottleneck. Some efforts have been made from MSIC by providing steel, aluminium, plastics etc to MSMEs.

The industry has requested for dedicated trains to and from Mumbai which would not only increase the railway tracks but also help in transporting materials from production site to other markets.

After independence, India's industrial policy was predominantly aimed towards developing large scale industries near raw material supply centres along with an effective national infrastructure network to transfer the resources to other industrial areas, the industrial scenario of the state of Assam was mostly restricted due to transportation bottlenecks and hence the growth of employment oriented Small Scale Sector which encompasses manufacturing and processing industries.

Entrepreneurship development is prevalent in the state of Assam as most of the activities of skill development is concentrated in Guwahati, with markets and road and rail connectivity better. Industry is able to get labour at reasonable rates. The states Government has a policy for the industry to employ 80% of the local labour, however getting casual labor is not a matter of concern but getting manpower at the managerial level is a problem. State Government has not taken enough initiative to increase the number of it is. Also there is a weak linkage between academia and industry.

However, lot of initiatives have been taken by the Government to encourage entrepreneurship. For example, to facilitate easy access to institutional credit to the prospective fish farmers and fishery entrepreneurs, the Assam Fisheries Investment Facilities Centre was established in 2008. The launch of the National Bamboo Mission helped the Assam Government to set up a bamboo park nearby Guwahati with the objective of creating an integrated infrastructure for promotion of bamboo based industrial and commercial activities. This would in turn help the local entrepreneurs who would be interested in investing in this sector.

## **Meghalaya**

The State of Meghalaya is naturally rich and Shillong, the Capital was considered to be Scotland of the East because of its natural beauty. Meghalaya has a population of about 30 million with a high literary rate of over 75%. The Gross State Domestic Product has grown at the rate of 8.7% during the period 2004-2005 to 2010-2011. Service sector and industry sector have declined but industrial sector has shown improvement due to contribution of construction and manufacturing.

Being a hilly State, the industry is scattered all over forming small clusters. Each district has a small industrial state with 60 industries each and most of the micro and small enterprises are based on handicraft and light engineering products. All the units are micro and cottage industries in Meghalaya, and generally the seed money is raised through family and friends. Most of the large industries are in Mining and Cement manufacturing. The State Government in its policy has laid out thrust areas that include:

- The agro industries, horticulture product, spices, essential oil, medicinal plants, tea, rubber, bio technology, tissue culture and orchid units
- Animal Husbandry and Meat processing

- Mineral based industries which are large in size such as coal, ferro articles, lime stone, cement, ceramic, clay washers and some light engineering industries.
- Tourism and IT industry are also included in the thrust areas.

The manufactured articles of the state are being absorbed in the nearby markets or purchased by the Government under its policy. Exports of items are quite negligible from the state. The micro and cottage industries use traditional skills which are passed from generation to generation hence they do not feel the requirement of technology.

### **Mizoram**

Mizoram is one of the younger states of the Indian Union formed in February 1987 having current estimated population of 11 lakhs with high literacy rate 99% and ranked next to Kerala. The State Domestic Product has performed well in the last 5-6 years with an average growth of 9.2%. Most of the population is associated with Agriculture and thrust areas for farming are agri-horticulture and plantations, animal husbandry and fisheries and most farmers are marginal and small but very few medium farmers.

Mizoram contributes 14% to country's Bamboo production and Government has decided not to sell poles outside the state without value addition. Nine chipping plants have been set up which supply 80-90 MT of Bamboo Chips per day to Hindustan Paper Corporation - A Government of India Corporation.

Bamboo is an essential component of forest eco-system, which is a dominant feature of state's landscape. The eco – friendly bamboo crop has immense potential in improving rural economy, industrial development and a sound economic base for the state on a sustained basis. This precious resource needs to be fully tapped as an Industrial raw material, as substitute for wood in rural/urban housing, engineering works, handicrafts, furniture and value addition through export. In this regard, a bamboo resource assessment needs to be done with proper mapping and inventory for which adequate fund is required.

The state has more than 1 lakh hectares of area under horticulture which is estimated to be around 17% of the estimated potential of more than 6 lakh hectares. Horticultural production holds a key to the economic growth of the state due to the fact that there exist a tremendous potential of good marketing facility. Apart from this, there is availability of land and the climate conditions are conducive for growing horticultural crops. There is immense potential for setting up Agro – processing industries based on Horticulture produce. Contract Farming on the pattern practiced in Punjab and Andhra Pradesh is ideally suited to attract large companies.

The Government is helping the farmers of the state to increase the production of some of the main produce such as grapes, passion fruit, pineapple, kiwi, palm oil, rice and

rubber by allocating additional land. However, the hurdle that still remains to be addressed is the issue of road connectivity to potential areas for cultivation.

Mizoram mainly has micro and small enterprise mainly based on Handloom and bamboos. The Government has set up industrial Estates but these are not fully utilized for several reason, although plain land for industries is very scarce. Out of the nine industrial Estates, six are operational. However, Mizoram has three clusters on Wood, Bamboo and Handlooms. Mizoram has rich mineral wealth but yet unexplored.

Government of India has signed agreement with Myanmar for US\$110 million Kaladan multi- modal transit – cum- transport project, by development of a 225 km long waterway between the port of Sitwe and Setpyitpyin (Kaletwa) along the Kaladan river which flows from Mizoram and 62 Km road network from Setpyitpyin to Lawngtlai, where the road will merge with the National Highway 54. This linkage will open markets for Mizoram and Myanmar that will help these two sides.

### **Nagaland**

Nagaland is hilly State covering almost 80% of area by Forest and remaining 20% are plain lands. 95% of the plain land is privately owned and 5% is owned by Government. Similarly, 97% of forests are owned by Private parties through Village Councils and 3% are owned by Government.

Like other sister states, it has small population of 20 lakhs and high literacy rate of 80%. The economy of Nagaland has been growing at 6.3% in terms of GSDP. Agriculture and allied activities have declined to 27% from 35% during this 2004-2005. Both industries and services sectors have improved from 13-18% and 52-55% respectively.

The State Government has shown keen interest in setting up resource based industries with value addition in the state. These industry segments include the agricultural and non- agricultural industries, for example, food articles (cereals, Naga chilly, pineapple, citrus, passion fruit, ginger, wild apple, turmeric, cardamom, tea, honey, and bamboo based products).

In the non – food industry segment the segments are wood based products, bamboo products, floriculture, sericulture, tourism and mining. However, mining is an important industry but the industry has not been touched because of political disturbances. The potential industries are floriculture, bamboo based, wood based, textiles, packaging, cold storage, tourism, hotels and restaurants, dairy products, processed food industry, fishery and paper industry. The Naga people have entrepreneurial spirit but state lacks skilled manpower. Presently the workers hailing from villages are imparted training by the entrepreneurs. The state lacks proper place as to where the necessary training could be given. Nagaland lacks machine repairing centres. In case of breakdown of machines, machine spares are not available locally and are compelled to travel long distances to

obtain the spare parts. Other impediments relate to logistics and transportation bottlenecks.

In addition to NEIPP 2007 benefit extended by GOI, the State Industrial Policy given the following points:

- Reimbursement of 25-30% of power cost
- Cost of drawing of Power line up to Rs. 2 lakh
- 50% subsidy for Feasibility Study Cost
- 25% Manpower Subsidy
- Special incentives for 100% EOUs
- Subsidy for quality control measures
- Sales Tax measures
- 50% Stamp Duty Exemption
- 15% Price Preference exemption of Earnest Money Deposit.

The benefits are extended to both manufacturing as well as services sector (Hospitality, health and tourism).

### **Sikkim**

Sikkim is the second smallest state of India after Goa with World third highest peak Kunchanjunga located on the State's border with Nepal. Small Population of 6 lakhs but high literacy rate of 82.20%. Sikkim human development indicators are among the best in the country and the growth in the agriculture is better than the eleventh plan.

Special attention has been paid to Organic Farming, Horticulture and floriculture. Infact, the Sikkim Government aims to declare the state an organic state by the year 2015 and much has been achieved in the field of organic farming. In this effort, Government of Sikkim has set a target of converting 50,000 hectares of land to organic by 2015 starting from 2010-11. One of the primary reasons for such rapid transition is the people's preference for organic farming. To enhance production and increase the average yield of crops, the Government is taking various steps including providing high yielding variety of seeds, good quality fertilizers and pesticides to increase the average yield of crops, the Government is taking various steps including providing high yielding variety of seeds, good quality fertilizers and pesticides to increase the revenue from agriculture.

On an average, the economy has been growing annually at 13.4% during the period 2004-05 to 2010-11. The Sikkim also being an agrarian state has been producing various kinds of crops such as tea, orange, cardamom. 80% of big cardamom is produced in Sikkim and even exported to various countries apart from domestic consumption. Ginger is also exported as it is of very high quality. Kiwis also grown in large quantities which can be exported even after meeting the domestic demand.

Consequent to the NEIP 2007 Policy introducing a package of Fiscal Concession, many industries have been set up - Being most peaceful in North East India. Seven large Pharmaceutical manufacturing enterprises have been operational apart from other industries. Benefits are being extended to industrially growing and generating employment for local youth. In addition, encouragement being also to sectors like Biotechnology, power generation, tourism, extruding, hazardous and polluting industries. Sikkim also has a thriving Micro and Small Enterprises.

### **Tripura**

It is the third smallest state in India with a population of 37 Lakhs and literacy rate of 88%. The landscape is beautiful with hills, hill-locks, green valley, rivers, streams, lakes and ponds. It is agriculturally rich and vast majority of population depends on agriculture and allied activities. Rice is a major cultivated crop apart from others. Tripura, is the second largest producer of rubber after Kerala. 20 Bamboo species are available in the state and 70 % of incense sticks of the country are supplied by Tripura. Many bamboo products such as mats, handicrafts etc are being manufactured by MSMEs.

The major industrial complex in near the capital Agartala which also has a Food Park, Rubber Park and Export Industrial Promotion Park. In addition, there are nine more parks in the state. Most of the industries are small, micro and a few are medium. Power is not a major problem.

State has big reserve of Natural Gas. ONGC is trying to utilize the gas by setting up a thermal power plant as logistics and cost limits the economic viability for transportation of Gas to other parts of the country. The transportation of goods and services is a challenging task due to locational disadvantages. The Government of India is trying to improve the connectivity through Bangladesh by the use of waterways and establishing linkages with Chittangaon Port of Bangladesh.

### **Manipur**

Manipur is recognized as an agricultural state more so for its production of large scale agricultural produce. Agriculture is the backbone of the economy in the state and around 76% of the population in Manipur is engaged in agriculture. The valley accommodates around 67% of the population of Manipur and is engaged in agriculture. Paddy, pulses, wheat, turmeric, oil seeds, fruits like papaya, orange, banana and vegetables like the tomato, pumpkin, cauliflower; peas, cabbage etc. Handloom industry plays a second role after agriculture in the state. The products have a distinct look to it and tourist and people all over India and abroad love their aesthetic and artistically designed garments for every use. Apart from this, Manipur industry also comprises of cane and Bamboo products. Without bamboo, Manipur is incomplete. They are famous in India as well as

outside. The production of only the bamboo products is around 10 lakh ton every year. Therefore there are many people who are engaged in the bamboo cane and craft industry.

The State Government is trying hard to improve the industry and the economy of the state by setting up various small scale industries. The other industries that can be seen in Manipur are the plastic industry, electronic goods industry, cement factories, pharmaceutical units etc. There are several other units that produce yarn and other goods. There is also a ghee factory here. Manipur has been more successful in setting up various small scale industries than large scale. Around 7,700 small scale industries have been set up here. Mining is another sector where the state revenue is generated. However, there is much to be done in this field as the progress is slow. Tourism is another industry where nothing much has been done due to the geographical aspect of the state. There is a lot of potential to improve the economy of the state by setting up various industries.

## **5. Access to Credit**

While RBI formulates the policies for easy access to credit, SMEs have to approach Commercial Banks, State Financial Institutions, Small Industries Development Bank of India, National Small Industries Corporation, National Agricultural Bank for Rural Development and others for their requirements of Capital Goods, infrastructural requirement, working capital, export financing, Technology up gradation and modernization. As per the directives of RBI many nationalized Banks have worked out specific SME policy within the overall guidelines. Many of the Banks have opened specialized branches exclusively catering to credit needs of this sector. A few commercial banks such as State Bank of India, Punjab National Bank, Canara Bank, Bank of India, Bank of Baroda and others have their own specific policy or charter for rendering assistance to SMEs.

Some other Banks who are providing credit to SMEs are: Allahabad Bank, Andhra Bank, Bank of Maharashtra, Bank of Baroda, Central Bank of India, Corporation Bank, Dena Bank, Federal Bank, The Jammu and Kashmir Bank Limited, IDBI Bank, Indian Bank, Indian Overseas Bank, Oriental Bank of Commerce, State Bank of Trivancore, State Bank of Indore, State Bank of Bikaner and Jaipur, State Bank of Mysore, Syndicate Bank, UCO Bank, Union Bank of India, United Commercial Bank of India etc. The commercial Banks listed above and others provide mainly working capital to SMEs. Some of them have special schemes to provide composite loans as well. Some private sector banks have also become active (such as Axis Bank, HDFC, HSBC, ICICI Bank, YES Bank, etc). They cater to the upper crust and have limited reach. However, NEDFI has been playing a major role in financing MSMEs and businesses in North East India.

For acquiring capital equipment and other infrastructure, SMEs have to approach state financial corporations, national institutions such as National Small Industries Corporation, Small Industries Development Bank of India and other Non Banking organizations in private sector. The Government has formulated a composite loan Scheme to cater to the needs of Micro and Small enterprises with a specific ceiling limit which envisages sanction and dispersal of working capital and fixed assets. The scheme is operated both by Banks and Financial institutions under single window scheme to the SMEs to facilitate one stop shop for financing SMEs and Start-ups.

## 6. Trends for Credit Flow to SMEs

According to the RBI, advances to micro and small enterprises (MSEs) as defined under MSMED Act 2006, are a part of the priority sector advances. The MSMEs primarily rely on bank finance for their operations and as such ensuring timely and adequate flow of credit to the sector has been an overriding public policy objective.

Over the years there has been a significant increase in credit extended to this sector by the banks. As at the end of March 2011, the total outstanding credit provided by all Scheduled Commercial Banks (SCBs) to the MSE sector stood at Rs.4785.27 billion as against Rs. 3622.90 billion in March 2010 registering an increase of 32%. The outstanding credit for the last four years to the MSE sector is given in Table II below:

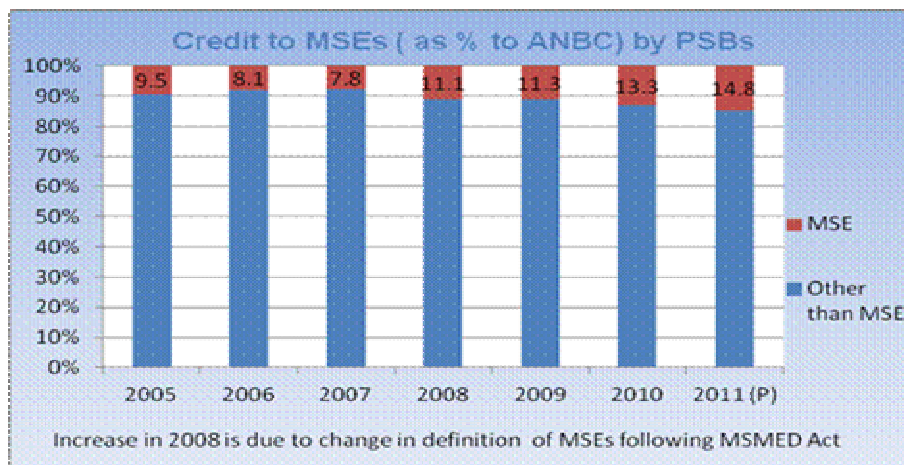
**Table II**

Outstanding MSE Credit by SCBs								
(No. of A/c's in Lakh) (Amount ₹ in Crore)								
Year	Public Sector Banks		Private Sector Banks		Foreign Banks		All Scheduled Commercial Banks	
	No: Of A/Cs	Amt. O/s	No: Of A/Cs	Amt. O/s	No: Of A/Cs	Amt. O/s	No: Of A/Cs	Amt. O/s
March 2008*	39.67	151137.48	8.19	46911.87	0.65	15489.25	48.51	213538.61
March 2009	41.15 (3.73%)	191408.32 (26.64%)	6.78 (-17.21%)	46656.33 (0.54%)	0.58 (-10.78%)	18063.42 (16.61%)	48.51 (No change)	256128.07 (19.94%)
March 2010#	72.17 (75.38%)	276318.97 (44.36%)	11.31 (66.81%)	64824.72 (38.94%)	1.57 (170.69%)	21147.05 (17.07%)	85.05 (75.32%)	362290.74 (41.44%)
March 2011 (Provisional)	73.98 (2.51%)	369430 (33.7%)	17.18 (51.9%)	88116 (35.9%)	1.86 (18.47%)	20981 (-0.78%)	93.02 (9.37%)	478527 (32.08%)

\* Change in definition of the sector as per the MSMED Act 2006 advised to banks in 2007  
# Retail trade included in service sector  
Note: Figures in parentheses indicates Y-o-Y % growth/decline  
Source: Reserve Bank of India

The total MSE Credit as percentage of Adjusted Net Bank Credit (ANBC) has been increasing since 2007 as shown below in Chart I. In March 2011, it stood at 14.8% for the Public Sector Banks (PSBs).

**Chart I: Credit to the MSE by PSBs (as % to ANBC)**



The share of loans in the total bank credit provided by the public sector banks to MSEs has been declining since fiscal 2000. However, according to the latest trend, up to Mar 2011, a turnaround is evident from the above.

## 7. Banks SME Initiatives

Banks are turning their focus towards SMEs that have tremendous growth potential, with the decline in retail and corporate businesses. Banks are now offering to SMEs, various products from working capital loans to term loans.

## 8. Details of Schemes by various institutions

### a) Small Industries Development Bank of India (SIDBI)

SIDBI is the principal financial institution for promoting, developing and financing the SMEs in the country. It was primarily set up to provide adequate credit to SMEs by ensuring adequate resource flow to banks, SFCs and other lenders of finance to SMEs. The Bank has taken proactive and progressive initiatives to promote an orderly and healthy growth of this sector, focusing on five areas i.e. entrepreneurship, credit, technology, market and infrastructure. Its operations encompass the following:

- Direct Finance
- Bills Finance
- Refinance
- International Finance
- Microfinance

SIDBI is involved in promotional activities to raise the inherent strength of SMEs. It has various schemes to promote rural industrialization, Human Resource Development,

Entrepreneurship Development, Cluster Development Program etc. SIDBI has cumulatively disbursed 2,03,126 crore to the MSME sector, as on March 31, 2011, benefitting more than 320 lakh persons, mostly women.

#### **b) The National Small Industries Corporation Limited (NSIC)**

NSIC facilitates financing for MSMEs in the following manner.

- **Meeting credit needs of MSMEs through tie up arrangements with Banks**

NSIC facilitates sanction of loans from commercial banks. NSIC has entered into tie up arrangements with 16 Banks for providing Credit Facilitation to the MSME sector. During the year 2011-12 Agreements were signed with 4 more Banks i.e. Vijaya Bank, IndusInd Bank, Bank of Baroda and Federal Bank for credit facilitation to this sector. (i.e. United Bank of India, UCO Bank, Oriental Bank of Commerce, Central Bank of India, Bank of Maharashtra, YES Bank, Axis Bank, Karur Vysya Bank, China Trust Commercial Bank, Union Bank and HSBC) for helping MSME in accessing term loans and working capital facilities. NSIC is signing MOU with more banks to expand the service.

- **Financing for Procurement of Raw Materials (Short term)**

NSIC assists in procurement and supply of raw materials like steel, Aluminium and copper along with financial assistance as required by them.

- **Financing for marketing activities**

It facilitates financing marketing activities such as internal marketing, Exports and Bill discounting to MSMEs

#### **9. Credit Guarantee Trust Fund Scheme for Micro and Small Industries (CGTMSE)**

The Government of India has established a Credit Guarantee Trust for MSE (CGTMSE) for Small Enterprises in August 2000 with SIDBI for implementation of Credit Guarantee Scheme. The scheme covers Any collateral / third party guarantee free credit facility (both fund as well as non fund based) extended by eligible institutions, to new as well as existing Micro and Small Enterprise, including Service Enterprises, with a maximum credit cap of Rs.100 lakh (Rupees Hundred lakh only) are eligible to be covered.

The guarantee cover available under the scheme is to the extent of 75% / 80% of the sanctioned amount of the credit facility, with a maximum guarantee cap of Rs.62.50 lakh / Rs. 65 lakh. The extent of guarantee cover is 85% for micro enterprises for credit up to Rs.5 lakh. The extent of guarantee cover is 80%(i) Micro and Small Enterprises operated and/or owned by women; and (ii) all credits/loans in the North East Region (NER). In case of default, Trust settles the claim up to 75% (or 80%) of the amount in default of the

credit facility extended by the lending institution. Member Lending Institutes (MLI) (97) availing guarantee from the trust have to pay one time guarantee fee of 1.5% (0.75% for loans provided in the NE region) and service fee of 0.75% per annum of the credit sanctioned. It will cover collateral free credit facilities of above Rs 50 lakh and up to Rs 100 lakh for which 50% guarantee cover will be provided by CGTMSE and the balance 50% risk will be borne by the participating bank.

The progress of guarantee coverage under CGS has picked up during the past few years and the operations under CGS continued to grow in amount terms during FY2012, with a total of 2,43,981 guarantees for an amount of Rs.13,783.98 crore being approved during the financial year. Cumulatively, as at March 31, 2012, a total of 7, 92,229 accounts have been accorded guarantee approval for Rs.37, 139.31 crore and the number of MLIs availing the guarantee cover has gone up to 109 active MLIs. The Credit Guarantee Scheme has been successful to a large extent in encouraging collateral free lending to MSEs.

The trust currently has a seed fund of Rs 1804 crore. Initially, the guarantee was given to the manufacturing and the IT industry. The services sector got added to the list. The trust has initiated steps to provide guarantee to enterprises in the retail and trading sectors and educational institutions. CGTMSE has also started a risk sharing facility (RSF) scheme for the micro and small enterprises on a pilot basis with an initial fund of Rs 25 crore. The scheme is part of the World Bank line of credit.

## 10. Credit Rating & Performance Scheme

In order to facilitate SMEs getting financial assistance with favorable terms, Government is encouraging this sector to get credit rating by various agencies. NSIC is providing financial assistance to SMEs by partly reimbursing the credit rating fee of the empanelled agencies. Credit facilitation by NSIC during the year 2011-12 to Micro, Small & Medium Enterprises increased to Rs. 3824 crore from Rs. 2349 crore in the previous year, registering a growth of 63%.

The details are given in the following table:

**Table III**

### Financial Assistance for Credit Rating

Turnover of SMEs	Reimbursement of Fee through NSIC
Upto Rs 50 Lakhs	75% of the Fee or Rs 25000 which ever is less
Above Rs 50 Lakhs to 200 Lakhs	75% of the Fee or Rs 30000 which ever is less
More than Rs 200 Lakhs	75% of the Fee or Rs 40000 which ever is less

The empanelled agencies for credit rating eligible for getting subsidy from NSIC are as follows: CARE, CRISIL, DUN & BRADSTREET, FITCH, ICRA, ONICRA and SMERA. Under the Performance & Credit Rating Scheme, 13,547 units in 2011- 2012 were rated during the year as against 10,327 in 2010-11 posting an increase of 31% over previous year.

#### **11. Government Initiatives for Fund Flow to MSME Sector in the recent years**

In his statement to the Parliament during the Budget Session 2007-2008 in presenting policy package for promotion of Micro and Small Enterprises, the then Union Minister of Small, Rural and Agro Industries announced the following measures for Credit Support to MSE on 27<sup>th</sup> February, 2007:

- Guide lines from Reserve Bank of India to the public sector banks to ensure 20% year on year growth in credit to SMEs.
- SIDBI to strengthen its credit operations for micro-enterprises and 50 lakh additional beneficiaries over five years beginning 2006-2007. Grant will be provided by Government to augment SIDBI's portfolio risk fund for this.
- Government to provide grant to SIDBI to create Risk Capital Fund as a pilot scheme to provide directly or through intermediaries demand based loans to micro enterprises.
- Expansion of SIDBI's direct lending operations by increasing the number of branches from 56 to 100 in two years beginning 2006-2007 to cater to the credit needs of more clusters for Micro and Small Enterprises. As on 30th November 2011, there were 125 eligible lending institutions registered as Member Lending Institutions (MLIs) of the Trust comprising of 26 Public Sector banks, 19 Private Sector Banks, 67 Regional Rural Banks (RRBs), 4 foreign banks and 9 other Institutions.
- The eligible loan limit under the Credit Guarantee Trust MSE Scheme to be raised to Rs 50 Lakhs (subsequently raised to Rs. 1 crore). The Credit Guarantee cover to be raised from 75% to 80% for micro enterprises for loans upto Rs 5 lakhs.
- The corpus of Credit Guarantee Trust MSE to be raised from the present Rs1700 crores to Rs 2500 Crores over a period of five years.

**12. RBI Guidelines 2012:** A few guidelines for increasing the credit reach by RBI in view of MSMED Act, 2006 are reproduced below:

- Vide their Master Circular RPCD.MSME & NFS.BC.No.11/06.02.31/2012-13 dated July 2, 2012 on “Lending to Micro, Small and Medium Enterprises sector”, Banks have been advised to ensure that credit is made available to all segments of the micro and small enterprises sector including micro enterprises. Further it has observed that there is a substantial increase in credit flow to micro enterprises with investment upto 5 lakhs based on reports received from various banking institutions.

On the basis of the Policy Package as announced by the Union Finance Minister, some of the major instructions issued by Reserve Bank to all public sector banks were as under:

- Public sector banks were advised to fix their own targets for funding SMEs in order to achieve a minimum 20% year on year growth in credit to SMEs. The objective is to double the flow of credit from Rs. 67,600 crore in 2004-05 to Rs. 1,35,200 crore to the SME sector by 2009-10, i.e. within a period of 5 years.
- Public sector banks were advised to follow a transparent rating system with cost of credit being linked to the credit rating of the enterprise.
- All banks may make concerted efforts to provide credit cover on an average to at least 5 new small/ medium enterprises at each of their semi-urban/ urban branches per year.
- The banks may ensure specialized MSME branches in identified clusters/ centres with preponderance of small Enterprises to enable the entrepreneurs to have easy access to the bank credit.

RBI has also given instructions to banks regarding quantum of advances to be given to MSE sector as follows:

- a) 40 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises having investment in plant and machinery up to Rs. 5 lakh and micro (service) enterprises having investment in equipment up to Rs. 2 lakh;
- (b) 20 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises with investment in plant and machinery above Rs. 5 lakh and up to Rs. 25 lakh, and micro (service) enterprises with investment in equipment above Rs. 2 lakh and up to Rs. 10 lakh. Thus, 60 per cent of MSE advances should go to the micro enterprises.
- (c) While banks are advised to achieve the 60% target as above, in terms of the recommendations of the Prime Minister’s Task Force, the allocation of 60% of the MSE advances to the micro enterprises is to be achieved in stages viz. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13.

- (d) Banks are urged to keep in view the recommendations made by the Task Force and take effective steps to increase the flow of credit to the MSE sector, particularly to the micro enterprises.

### **13. Financial Management**

Financial management entails planning for the future of a person or a business enterprise to ensure a positive cash flow. It includes the administration and maintenance of financial assets. Besides, financial management covers the process of identifying and managing risks.

Some experts refer to financial management as the science of money management. The primary usage of this term is in the world of financing business activities. However, financial management is important at all levels of human existence because every entity needs to look after its finances.

Broadly speaking, the process of financial management takes place at two levels. At the individual level, financial management involves tailoring expenses according to the financial resources of an individual. Individuals with surplus cash or access to funding invest their money to make up for the impact of taxation and inflation. Else, they spend it on discretionary items. They need to be able to take the financial decisions that are intended to benefit them in the long run and help them achieve their financial goals.

From an organizational point of view, the process of financial management is associated with financial planning and financial control. Financial planning seeks to quantify various financial resources available and plan the size and timing of expenditures. Financial control refers to monitoring cash flow. Inflow is the amount of money coming into a particular company, while outflow is a record of the expenditure being made by the company. Managing this movement of funds in relation to the budget is essential for a business.

At the corporate level, the main aim of the process of managing finances is to achieve the various goals a company sets at a given point of time. Businesses also seek to generate substantial amounts of profits, following a particular set of financial processes.

Financial managers aim to boost the levels of resources at their disposal. Besides, they control the functioning on money put in by external investors. Providing investors with sufficient amount of returns on their investments is one of the goals that every company tries to achieve. Efficient financial management ensures that this becomes possible.

Strong financial management in the business arena requires managers to be able to:

- 1 Interpret financial reports including income statements, Profits and Loss or P&L, cash flow statements and balance sheet statements.
- 2 Improve the allocation of working capital within business operations.

- 3 Review and fine tune financial budgeting, and revenue and cost forecasting.
- 4 Look at the funding options for business expansion, including both long and short term financing.
- 5 Review the financial health of the company or business unit using ratio analyses, such as the gearing ratio, profit per employee and weighted cost of capital.
- 6 Understand the various techniques using in project and asset valuations.
- 7 Apply critical financial decision making techniques to assess whether to proceed with an investment.
- 8 Understand valuations frameworks for businesses, portfolios and intangible assets.

Referring to his meeting with the representatives of SME Sector on 26<sup>th</sup> August 2009, The Hon'ble Prime Minister, Dr. Manmohan Singh observed in his address at the National Award Function:

*“At this meeting two day’s ago, it was pointed out and rightly so that credit is the lifeline of any business more so for businesses in MSME sector. Our Government is committed to double the flow of credit to MSMEs in five years. I note with some satisfaction that loans outstanding to this sector from the public sector banks have registered a growth of close to 25% during one year. Today we have facilitated some public sector banks for their commendable role in providing credit to MSMEs. I would urge other banks also to ensure higher flow of funds to these enterprises. Greater availability of credit can contribute to the faster modernization and expansion of these enterprises and the augmentation of their productivity and competitiveness. I would urge MSMEs to also explore new and emerging sources of finance such as venture capital and private equity.”*

#### **14. Field situation-Credit constraints for North East India**

Despite various innovative financial schemes and informative mechanisms, access to 'timely and adequate' credit and relationship with bankers are two major nagging problems of SMEs. Over the years, world-over, multi-agency credit structure has got evolved for assisting SMEs. The term capital or long -term funds are required for creation of fixed assets like land, building, plant and machinery and other capital assets. Due to weak capital base and limitations on entering the capital market, the SMEs have been having larger reliance on borrowed funds for creation of fixed assets. Working capital or short term credit is the source of fund that an enterprise needs to carry on its day-to-day business like purchase of raw materials, plant operative expenses, payments for wages and salaries, etc. Working capital needs of a firm are generally met from own funds, equity support, sundry creditors, bank borrowings, and other short term

borrowings. There is a general feeling that SMEs have been facing the problem of delayed payments of their receivables, as such they have to heavily rely upon bank borrowings for meeting their working capital needs.

## **INNOVATION AND TECHNOLOGY PRACTICES**

### **15. Innovation and Technology**

In the growing competition, innovations play a major role to stay ahead whether it is in the form of continuous improvement on the shop floor, or new products or services launched in the market place. Innovation is not limited to R&D and product design, but extends across the entire value chain — it is equally important in organizational design, the supply chain and manufacturing, financial management and in branding. Organizations are constantly trying to get ahead of one another in a competitive market place. Continuous innovation is integral to this competitive battle. Companies seek to create more value for their customers without increasing the cost of their products or services. Innovation It is a continuous process and could extend to the size and shape of a product and even the way it is promoted.

*To define “innovation in a broad sense that includes innovation as constant improvement in doing things in new ways, taking actions, making decisions, process of enforcement of the decisions made, all of which contributing to better working environment. Knowledge and creativity knows neither limit nor boundary. It is an asset that is not subject to the law of diminishing returns”.*

Innovation holds the key to increase in productivity and productivity gains which lead to both economic growth and in raising the standards of living. Innovation is a tool that enables SMEs to reap rewards of scientific achievements and requires much more than the ability to turn a new idea into a working product or an innovative product.

Innovation enhances country’s competitiveness and facilitates high growth in a sustained manner. High growth is, thus, what we seek out of innovation. AIMA held a convention of SMEs last year which dwelt at length to achieve excellence by MSMEs through innovative practices for global competitiveness.

Critical to such a culture of innovation are the SMEs which have, in recent years, proved themselves to be the engines of economic growth and principal source of foreign exchange earnings. SMEs account for the bulk of all Indian businesses and in many fields provides the channels along which new technologies are developed.

SMEs play a pivotal role for the success of the Indian economy due to their ability to exploit new technologies and to respond quickly to changing market needs. Support for the creation of new ventures and spin-offs from research institutions and large

companies, as well as the removal of barriers in the way of their rapid growth and support for the transfer of know-how, also deserve to be accorded the highest priority.

Despite this, SMEs are facing a financial constraint and they are unable to invest in innovations and R&D. Investments in R&D to innovate in technology by SMEs has to be encouraged. However, focused approaches for development of technology products, which are of utmost importance, are missing. And without all these SMEs stand to lose a great deal. Sadly Government intervention including public investment which can act as a catalyst for SME growth is still a dream.

India's expenditure on R&D is estimated at 0.9%. For its size of economy, this is considerably lower than its comparable countries. China, for instance, allocates 1.4% of its GDP in R&D, Europe 2% and the United States 2.6%. Japan and South Korea both allocate healthy 3.2% each on R&D. Apart from being small, 70 to 80% of India's R&D expenditures come from public sector with funds essentially allocated to specific research institutions such as the Council of Scientific and Industrial Research, Hindustan Aeronautics Ltd, Bhabha Atomic Research Centre and others. For India to remain competitive and not be pushed sideward, it clearly needs to raise its R&D expenditure at least to the comparable level of China (which aims to raise its R&D to 2.5% of GDP by 2020). Table V indicates trends in R&D spending.

**Table - V**  
**Trend in R & D spending**

<b>Country</b>	<b>Expenditure</b>	<b>% of GDP</b>
India	“	0.9 %
China	“	1.4%
Europe	“	2.0%
USA	“	2.6%
South Korea	“	3.2%
Japan	“	3.2%

***During the 100<sup>th</sup> Annual Session of the Indian Science Congress was inaugurated on 3rd January, 2013, at Kolkata the Indian Prime Minister, Dr. Manmohan Singh has said that the country must aim to increase the total R&D spending as a percentage of GDP to at least 2 per cent by the end of the twelfth five year plan period from the current level of about 1 per cent.***

Indian SMEs will certainly benefit from this effort. However, Indian MSMEs have also to learn lessons from innovative practices of large companies. The Nano car from Tata Motors, the Pulsar Bike from Bajaj, the global delivery model conceptualized by our leading software companies and the lifetime prepaid card for mobile services are all examples of excellent innovations from our top companies. A recent report by Booz Allen Hamilton rightly points out that the innovative output of a company depends not so much on the amount it spends, but more on the company's capabilities in ideation, project selection, development and commercialization. Many of Indian leading companies demonstrate these capabilities in increasing magnitude. We have scores of success stories of Indian SMEs who created new products and services through creativity and innovations and have transformed themselves to a high growth path.

## 16. TECHMART

Technology Market (Techmart) has gained importance in the Asian & African countries as one stop platform for Technology offerers and Technology seekers to access and negotiate deals relating to technology transfer, absorption and assimilation. Such Techmart facilitates objective discussions among enterprises and confidence building as both has opportunities to exchange expertise in this area.

**Table VI**

<b>Techmarts in India</b>
Techmart has become an annual feature organized by the National Small Industries Corporation (NSIC) during the India International Trade Fair (IITF) organized by India Trade Promotion Organization (ITPO) during 14-27 November every year, with a participation of over 200 firms demonstrating their technologies and equipments. We have been instrumental in evolving this concept and the first such Techmart was organized in the November 1992 in cooperation with UNIDO. Diverse Technologies by leading global players are demonstrated and SMEs are able to see themselves the benefit of these technologies for production of quality goods and services.

In the field of technical education and training and producing S&T graduates, India ranks number one followed by USA. It has well conceived training programmes for technical entrepreneurs as also for rural entrepreneurs with focus on women at large. Indian Institutes of Technologies (IITs) are world-class institutions which impart S&T education to sustain R&D. Financial schemes are especially operated by the Small Industries Development Bank of India (SIDBI) and special scheme was developed to support setting up of incubation centres by renowned institutions like IITs, IIMs, etc.

## **17. Incubation – A Tool for Technology-Based Enterprise Development**

Knowledge has become the driving force of economic growth, social development, job creation and determinant of competitiveness in the global market place. The economies of the industrialized countries have increasingly become 'knowledge-based', as reflected by the change in the overall conditions in which economic and social activities take place. It is necessary that the developing countries of Asia Pacific Region also participate in this transition from resource – based to knowledge-based economies, so that they are not left behind in the race for development. The process of moving from knowledge generation to creation of new businesses is a very complex one, as this is fuelled by the wave of new scientific discoveries and technological advances. As a result, innovation (the ability to manage knowledge creatively in response to market-articulated demand and/or social needs) greatly relies on interaction between science and the business enterprises.

***It is now accepted that innovation requires integration of research with manufacturing, of science with production, of both research and production with customers and suppliers, and so on.***

Therefore, one of the best ways of promoting enterprise is through the concept of 'Technology Business Incubators'. Business incubation is a relatively recent and innovative system, derived from the earlier SME support programs, but with its own distinctive characteristics. Incubators provide qualifying new start-up businesses with a set of facilities -- physical space, shared services, business and legal advice, and financial inputs – to facilitate their creation and assist them until "graduation", when they have the capacity to "survive" in the outside competitive environment. The concept of nurturing start-ups and early-stage groups at managed workspaces appears straightforward but is complex in structure and execution. Incubators provide local, on the-spot diagnosis and treatment of business problems, dramatically lowering the early stage failure rate.

Business incubation and technology incubation centers have been adopted worldwide as an effective means to promote and support enterprise and SMEs in their efforts to bring up innovation led businesses and entrepreneurs to transform technological results into new products and services.

Though the concept of Incubators is currently operational at select places in Asian Countries, we could realize its potential by setting up additional incubators in the Institutions of higher learning and nurture knowledge-based enterprises. Nurturing technological start ups through incubation programs also enhances global competitiveness of SMEs apart from promoting innovative entrepreneurship.

India is a business and technology incubator, and start-up resource center with operations close to the innovation clusters in the Pune-Mumbai corridor. India Co assists

early stage companies by providing business infrastructure and office space, mentoring and coaching, and assistance in raising private equity capital. The goal is to increase the success rate of start-ups by operating a network that facilitates and motivates the use of local resources to commercialize available technologies. Member companies remain in the incubator for up to two years, and are expected to show progress by completing an approved business plan.

NSIC is running Training-cum-Incubation Centre in its Corporate Office at Okhla, New Delhi which has a demonstration effect for the visiting delegations particularly from Africa and Asia. Training-cum-Incubation Centers provide an opportunity to first generation entrepreneurs to acquire skill for enterprise building and also incubate them to become successful small business owners. At these centers, exposure in all areas of business operations are being provided such as business skills development, identification of appropriate technology, hands on experience on working projects, project / product selection, opportunity guidance including commercial aspects of business. Training-cum-Incubation Centers NSIC-TICs under PPP mode for the purpose of inculcating entrepreneurial skills among unemployed persons by imparting training through which they become employable or can set up their own small enterprises. Currently 35 NSIC-TICs are functioning.

According to Mr. H.K. Mittal, Advisor, Ministry of Science and Technology, Government of India during the deliberations of the workshop on "SMEs in Asian Region: Harnessing the Growth Potential" on 10<sup>th</sup> August 2007 at New Delhi, there are 110 business incubators at present in India .

## **18. Technology Acquisition**

There are several ways in which enterprises acquire new technology to improve production and marketing. The most important source of technological innovation, for SMEs as well as large firms, comes from new machinery or equipment. One fifth of small firms report that technology embodied in new machinery or equipment is the most important source for them.

Enterprises innovate either to lower production costs or to create demand for their products. At the same time, the pressure to innovate likewise stems from the interlinkages and spillover from suppliers of inputs or capital goods, competitors, the Government, customers, consultants and other technology suppliers. The relative importance of these different influences varies by firm size. Studies have shown that domestic competition drives enterprise to reduce production costs. Apart from competition from firms, customers also provide sufficient motivation for enterprises to be more efficient especially in small enterprises. Experience of more than one-third of small enterprises shows their customers compel them to lower production costs.

## **19. Assisting SMEs with Technology and Learning**

Limited technological capability and lack of information on markets and products are important constraints on SME dynamism. In addition to their attempts at improving SMEs access to finance, it is not surprising to find that Governments have put in place a variety of programs and services to help SMEs improve their knowledge about and access to promising technologies, production methods, and markets (including export markets). Some of the programs put in place in Asian developing countries; Governments have done this by subsidizing and often providing a variety of technology extension services, training to workers and entrepreneurs, and testing facilities and tool rooms and hosting trade fairs and the like to give enterprises access to new markets and buyers. In some cases, Governments have also subsidized the development of low-cost production technologies for use by smaller enterprises. An example is a recent public-private partnership based effort in India to develop a shuttle less loom for smaller enterprises in the textile weaving industry.

## **20. Technology Transfer Fostering Links between SMEs and Large Enterprises**

For SMEs, establishing links with large enterprises through supplier and subcontracting relationships can represent an important way to derive the benefits of the superior access to markets and technology of larger enterprises.

SMEs generally fit into value chains as peripheral suppliers to one or more links in the chain, usually as second- or third-tier suppliers. Their importance varies by country and industry. In Japan, SMEs have played an important role in supplying parts and components to large enterprises through long-term subcontracting relationships, especially in the machinery and automobile industries. Typically, the top tier consists of large enterprises, such as assemblers of electric appliances and automobiles and manufacturers of complete components. The second tier is occupied by medium and large enterprises that assemble components and supply these to large enterprises in the first tier. In turn, the enterprises in the second tier procure parts from the third tier—typically SMEs. Finally, tiny and small enterprises make up the fourth tier. In the case of Toyota, Uchikawa (2009) notes that while more than 30,000 enterprises have an indirect link with it; it has direct transactions with hundreds of enterprises. Something very similar has happened in some countries in developing Asia. In the Thai automobile industry, for example, 700 first-tier suppliers and 1,100 second-tier suppliers have served a value chain with 14 car assemblers at the top. Indian SMEs have also developed strong strategic linkages as manufacturers and suppliers of parts & components to the large companies particularly in the Auto sector.

## **21. Technology to spur innovation in the SME sector**

SME segment is not a unified, undifferentiated one. Its presence is across traditional sectors such as agro-based products to the newly evolved e-commerce retail industry. A vibrant segment, it is faced with competition at local, regional and national levels. Truly competitive SMEs have to be agile, get close to customers and be constantly innovative. Technology is a keen enabler of innovativeness in SMEs. The arrival of broadband and the eager adoption of mobile-based technologies have empowered small business to address competition and demand for quality in a globalized and knowledge based economy. While huge disparities exist in the nature of knowledge tools adopted, SMEs are transitioning towards addressing challenges with information and communication technologies (ICT). ICT is changing the way small enterprises engage their customers and run their back-office processes. Computerization has helped cut costs by streamlining internal processes, improving services through faster communication with customers, and bettering promotion and distribution of products. Every link in the value chain is empowered.

Today, we cannot imagine using electricity that does not come on a wire from a remote source at the flick of a switch. Computing power too perhaps will follow this model and be available as we need it and in the quantity we need, as a utility. Just like the electricity as a utility that empowered businesses, IT as a utility empowers successful business models and innovative goals.

## **22. Innovation across Enterprises in Developing Asia**

While expenditures on research and development (R&D) and patenting activities provide useful information on firms' efforts at innovation in industrialized countries, they do much less on firms in developing countries. This does not mean firms in developing countries do not innovate. Even if we leave aside enterprises in the newly industrialized economies of Korea, Singapore, and Taipei, China, R&D by large corporations in some lower income Asian countries are certainly on the rise, especially in sectors such as pharmaceuticals, machinery, and transportation equipment. However, for the most part, they do not innovate in the same way that firms in industrialized countries do. Crucially, developing country firms are not pushing the frontiers of technology outwards or making original inventions. Rather, their innovations lie in introducing new products and processes nationally or even sub-nationally and mostly application oriented.

In the Asian economy, SME sector occupies a special position by virtue of its capability to contribute significantly to the production, employment generation and export of goods and services. Governments have, therefore, come to realize that SMEs competitiveness must be strengthened for national and regional balanced development. This can be achieved by making the sector technologically robust on the solid base of R&D, innovations and adoption of latest technology through technology transfer and adoption

of Information and Communication Technology enabled services. This will give competitive edge to the SMEs not only in Asia's knowledge-based environment but in the global economy, at large. Most of the developing economies in Asia do not have this strength.

Field study on Asian SMEs of Mauritius, Thailand, China and India has given an insight into the constraints faced by them relating to technology. These are:

**Locating sources of appropriate Technology; Financial resources to acquire Technology; and Product design to the SMEs. The respondents have attributed them as major constraints towards achieving growth.**

### **23. Road-blocks**

Apart from the Technology constraints identified in the study, the following road-blocks are responsible for low technology base:

- a) Mind-set resistant to change.
- b) *Low human capital.*
- c) *Apathy to skill upgrading.*
- d) *Cost- Benefit Analysis*
- e) *Prohibitive cost of new technology.*
- f) *Dislocation of Production Schedule*

### **24. The Need for Innovation and Technology**

The above illustrations point to the imperative need for adoption of new technology and innovation systems and status of ICT applications for the benefit of the Asian SMEs so as to help them gain the competitive edge in the knowledge-based sub-regional and global markets. High value added technological developments are emerging very fast and in order to keep pace with the speed, it is highly desirable for SMEs to acquire differentiated knowledge and new technology to survive and retain their positions in the market. This will lead to regional balanced development, narrow the growing divide amongst the developed and the least developed, and above all create a skilled band of labour / managerial force in the region.

**The crux of the 21<sup>st</sup> century scenario has been beautifully summed up thus:**

***“By the end of 2015, there will be only two kinds of businesses:  
Those with an Internet presence and those with no business at all.”***

**Bill Gates**

## **25. Use of ICT for optimizing excellence by SME sector:**

That *“Information is the oxygen of the modern age”* is a well known adage. This quote strikes at the heart of a phenomenon which has changed the way businesses function and will continue to dictate the progress of economies for a long time. Information is no longer simply a “collection of facts and figures”; information is now an important determinant of all aspect of a business activity and there has been a drastic rise in its relevance for business; it is now recognized as the driver of new opportunities, the difference between gaining or losing customers, enabling businesses to transform their operations in step with fast changing scenario.

It is now imperative to have knowledge of new developments, emerging markets, competitor’s strategies and a host of other factors which, for obvious reasons, has always played a crucial role in the survival and development of business. Their significance has grown in the present era where increasing pace of business, globalization and heightened competition means that focus of top management is allocated equally between managing operations and ensuring optimal flow of information to support decision making. Rapid flow of information is a key reason behind the rise of innovative business practices.

The potential benefits of information and communication technologies (ICTs) to the SMEs are well known. ICTs enhance SME efficiency, reduce costs, and broaden market reach, both locally and globally. Since the SME sector plays a major role in national economies, these benefits to individual SMEs collectively translate into positive results in the form of job creation, revenue generation and overall country competitiveness. Governments, therefore, have an interest in the promotion and access to, and use of, ICTs by SMEs.

Unfortunately, a number of factors hinder or discourage SMEs from fully realizing the benefits of ICTs, including, among others, lack of knowledge, resources and trust. Governments, using public policy as a tool, can play a critical role in addressing these concerns.

These policy considerations should focus on issues related to a healthy business environment, network, infrastructure and broadband deployment, regulatory trust content development, human capital and skills development, access to information, good e-governance, and public-private-civil society partnerships.

## **26. How can Governments Encourage SME Access to and use of ICTs?**

There are a number of specific steps that Governments can take to promote the access to, and use of, ICTs by SMEs.

First, Governments themselves can and should engage in e-commerce. In most countries, Governments are the largest buyers of goods and services. Many Governments also make sure to buy a share of their goods and services from domestic SMEs. If Governments begin using e-procurement techniques to do so, they can provide an important incentive for SMEs to begin using e-commerce as well. In fact, several developing countries are now implementing or planning e-procurement projects (e.g. in Chile, Philippines, Romania and Russia).

Second, through a deliberate effort at e-governance, Governments can use ICT to provide better and more transparent service. Businesses turn to Governments for a wide variety of services, from customs clearances to business licenses to dispute resolution mechanisms. Today, the length of time needed to obtain these services, and in some cases, the lack of transparency in the process (corruption) can and often does thwart SME efforts to compete internationally.

Finally, and most importantly, Governments can provide the legal, policy and regulatory framework and public services that can encourage, or discourage, the growth of e-commerce amongst SMEs. Public policy is the tool by which Governments can help to create an environment, and remove barriers for businesses to adopt ICTs.

## **27. Marketing Strategies for SMEs**

***“Authentic marketing is not the art of selling what you make but knowing what to make. It is the art of identifying and understanding customer needs and creating solutions that deliver satisfaction to the customers, profits to the producers and benefits for the stakeholders –***

**Philip Kotler**

Success of an enterprise depends on its ability to market its products & services effectively at a profit. *Marketing is a crucial entrepreneurial function not only for growth, but even for the very survival of the enterprises.* However, marketing continues to be a major area of concern and challenge to the SMEs and support institutions, especially in a highly competitive and rapidly changing environment, since many SMEs are unable to sell their products and services, as also realize their dues.

The FICCI Study (2011) reveals that MSMEs in India are broadly unaware of technology solutions and tools available to cater their marketing needs. According to the study, less than 6 per cent of Indian MSMEs with access to personal computers. advertise online and a majority of these enterprise use traditional media. Many Indian MSMEs are also unaware of the effectiveness to use traditional media. Many Indian MSMEs are also unaware of the effectiveness, measurability and predictability of using online advertising to reach the target audience. The study highlighted that a huge opportunity exists for MSMEs to reach their desired financial goals by optimizing their web presence and

capabilities. It additionally pointed out that since the majority of India's MSMEs, especially the small businesses, generated a large proportion of their revenue from the local market; they still rely on traditional media like telephone directories and newspapers to reach their customer base.

Therefore, there arises a need for the sector to build capacities to develop ICT and other tools in order to cater the growing marketing needs. An understanding of the market, competitors, technology, marketing tools and business environment are determinants of success of the MSME sector. Although a small number of establishments have awakened to the new marketing methodologies, it appears to be the beginning and is likely to catch up in the years to come.

During a recent study on the 'Impact Assessment of Indian Small Enterprises after Liberalization of the Indian Economy', by AIMA (All India Management Association – Apex Management Association of India) the main constraint cited for their growth are 'market related barriers'. SMEs get confused about the market they serve or their target audience. Their sales get adversely affected by the unorganized players selling their products cheap on the one hand and importing low cost goods on the other, apart from MNCs infiltrating their domain. Hence, *development of an effective marketing network for the products of micro, small and medium enterprises is as important as strengthening their production base.*

With respect to opportunities for SMEs, the following present important target market segments:

#### **i. Supplies to Government and Institutions**

The Governments and their institutions in all countries are major consumers of a wide variety of products and services. The procurement function is performed either by a central agency or by each ministry or department keeping in view certain guidelines and procedures prescribed for this purpose. An important aspect of public procurement is public accountability. The objective is to buy quality products/services at the most competitive prices. All procurements are made from the most competitive bidders.

#### **ii. Procurement from SMEs**

In India, the Government procurement policy, which started under the aegis of the Government Stores Purchase Programme in 1956 by the National Small Industries Corporation (NSIC), is the earliest protective and promotional measure for small industries. It has made a positive contribution to the growth of this sector. The policy has contained not only exclusive procurement reservation, but also a combination of preferred purchase and price preference, and fiscal and procedural incentives. Under preferred purchase, if the small industries' products are technically comparable with

those of large industries, preference in purchase has been accorded to small industries. Further, products manufactured by small industries have been given price preference of upto 15 percent when engaged in competitive bidding with large industries.

The Government has approved Procurement Policy, which makes it mandatory for all state – run companies, ministries and departments to procure 20 percent of their products and service needs from small and medium enterprises under the Public Procurement Bill (58 of 2012). The decision was taken at a cabinet meeting chaired by the Prime Minister Manmohan Singh aiming at providing MSEs an assured growth opportunity, and the policy would become mandatory three years from now. Government departments not conforming to the mandatory procurement would be required to provide reasons to a review committee set up for the purpose.

Under the policy, every central ministry and PSU will set an annual goal for procurement from the MSE sector at the beginning of the year with the objective of achieving overall procurement goal of minimum 20 percent of the total purchases of products and services from the MSEs. Of the 20 percent target, a sub-target of four percent -- that is 20 percent of the 20 percent -- would be earmarked for procurement from the MSEs owned by SC/ST entrepreneurs.

Under the existing dispensation in India, the Government guidelines provide for support in marketing of MSME products through a variety of measures such as price preference, reservation of products for exclusive purchase from MSEs, issues of tender sets free of cost, exemption from payment of earnest money. In practice, however, most of these facilities are not being provided to the MSEs by the Government departments. Defence armament imports will not be included in computing the 20 percent goal for Ministry of Defence. In addition, defence equipment like weapon systems, missiles will remain out of purview of this policy.

In departmental and state – run enterprises tenders, participating MSMEs will be allowed to supply a portion of their tender even if their bids are higher than the lowest bid but are not more than 15 percent costlier than the lowest bid. Central Ministries and state – run companies will continue to procure 358 items from MSEs which have been reserved for exclusive purchase from them. A committee has also been constituted under the chairmanship of Secretary, MSME, to review the list of 358 items reserved for exclusive purchase from MSEs on a continuous basis and for monitoring and review of the Public Procurement Policy for MSEs.

### **iii. Linkages and Strategic Alliances between large companies and SMEs**

The economic growth of a country is very closely related to the balanced growth of large scale and small-scale sectors. Small and large enterprises have to be viewed as mutually complementary and supportive. Both these sectors have to work in close

cooperation with each other. The pattern of economic development adopted in many of the developed countries bears testimony to the need for dovetailing the operations of large and small enterprises. In many of these countries, the SMEs make a significant contribution to the total output of goods and services in the country. It is necessary that the SMEs are developed bearing in mind their complementary role to the large-scale sector. Broadly speaking, linkages between large and SMEs are getting strengthened in India for mutual benefit. e.g. Automobile and Capital Goods Manufacturers.

Because of the mutual advantage of the parent-ancillary or a sub contracting relationship, a proper linkage can be developed between the two, wherein the inherent strength of both is tapped and difficulties solved in a complementary manner. The marketing problems of small enterprises can be taken care of by a mutually beneficial sub-contracting relationship with large units, since stand-alone enterprise may have less chances of survival in the era of globalization. Hence strategic alliances between small and large companies are mutually beneficial. To make this relationship a success, certain procedures and codes of discipline are followed between the two. The parent unit should be assured of quality products and strict adherence to specified delivery schedules. The small ancillary units can legitimately expect support in various ways from the large parent units. Japanese SMEs and large houses have excellent strategic alliances - an example which could be emulated.

#### **iv. Marketing Consortia**

The organization and promotion of consortia occupies an important place in the marketing strategy of SMEs. The consortia can be formed for marketing of SMEs' products both within the country as well as abroad.

A consortium of SMEs is an entity comprising a number of units combining together under a common umbrella for developing marketing of selected items or products manufactured by them. The consortium is a formal association of companies, which combine their efforts for marketing their products within the country or abroad. The consortium members may decide to jointly work for execution of a particular supply order or tender and may thus remain competitors in respect of other sales or may work for sale of their total production.

#### **v. Trade Fairs and Exhibitions**

One of the most important techniques in reaching the target audience for most of the products is exposure of the product in trade fairs and exhibitions. They are the oldest marketing promotion instruments. Trade fairs provide an opportunity to attract the customers. The exhibitors, in a minimum of time, can show their products to a large number of prospective customers, many of whom they would have never thought of contacting or doing business with. Exhibitors also learn, at the trade fairs, what their

competitors are doing, what new products have been launched and what prices are being charged for similar products. The visitors to trade fairs get an opportunity to compare a whole series of competitive products and services and to discuss prices and terms. They can often see the actual demonstration of the products, assess their utility and make a purchase decision right on the spot.

The national and international trade fairs organized now in most of the countries give the exhibitors considerable exposure and business opportunities. The exhibitors at the international trade fairs are not only from within the country organizing the fair, but also from other countries. This gives an opportunity to the domestic manufacturers not only to see their products, but also to discuss with them matters concerning technology transfer, prospects for joint ventures and trade relationships. Most of the international trade fairs display products from a cross-section of consumer and capital goods industries, but there are also specialized fairs, which concentrate on specific categories of goods or services or on specific audiences or both.

The Government of India does provide Market Development Assistance to MSMEs to participate in trade fairs and exhibitions both domestic and abroad. NSIC organizes trade fairs and facilitates SMEs for their participation.

#### **vi. Creative Marketing by SMEs – IT Tools**

The modern tools of Information and Communication Technologies have revolutionized the marketing strategies in the New Millennium. The networking through the use of Internet has made alignment of buyers/sellers and producers/consumers across the globe, a feasible proposition with unlimited potential. While these developments provide vast opportunities, they also throw up challenges and poses a threat to the survival of SMEs in many developing countries, which may find it difficult to sell their products in the changing global scenario in the WTO regime. Various tools are now available in the knowledge economy to facilitate marketing of SME products and to achieve expansion of marketing channels through WEB, thus reducing the cost of sales and increasing revenue and profitability. The phenomenal growth of Internet is going to play a key role in global marketing. SMEs in Clusters have a tremendous advantage in making use of the new knowledge for 'creative marketing'. They can build alliances among themselves or with multinationals or trading houses or consortia. To take advantage of various tools available in the knowledge economy, the SMEs have to join together to pool their resources in establishing infrastructure for accessing buyers without any intermediaries.

### **vii. Export Development**

Exports open up an additional or alternate source of demand. Firms expand markets for their products when they take up exports. Exports also initiate or accelerate industrial growth and/or counteract stagnation or recessionary tendencies in the home economy. Most of the countries now give bias to their economies towards exports. The underlying assumption is that there is a vast international market with unlimited opportunities. These opportunities consist of limitless demands for technological advancements and competitive and efficient allocation of resources into units of economic size. These opportunities, if seized, can lead to modernization and expansion of the domestic economy with high growth rates. This strategy is believed to provide demand stimulus to growth, because of the virtually unlimited global market. The size of the market is obviously much larger than the domestic market.

### **viii. Marketing Assistance**

We are giving here under some of the schemes of the Government of India to provide marketing support to SMEs to provide encouragement in this effort.

**Table XI**  
**Marketing Assistance**

Market Development Assistance Scheme	The Schemes offers funding for participation in trade fair and exhibitions, market studies, initiating contesting anti-dumping cases and reimbursement of 75% of one time registration fee for the first three years of bar code
Participation in trade fair / exhibition under MSME India stall	Units having registration with directorate of industries can pay 50% of space rent. The Government will reimburse 75% of Airfare, 50% space rentals. The Government will reimburse 100% to Women and North Eastern Region Entrepreneurs towards space rents and Airfare.
Procedure for availing financial assistance	Application is to be made to DC (MSME) along with SSI registration, draft for 50% rentals, photocopy of their valid passport, proof of ownership of the unit.
Marketing Export Promotion Schemes for Handloom textile	The Government of India offers export promotion schemes to handloom industry

## 28. Recent Initiatives by Government of India

### National Manufacturing Competitiveness Council

#### National Manufacturing Competitiveness Program (NMCP)

In the 2005-06 Budget, the Government has announced formulation of a National Competitiveness Program, particularly to support the Small and Medium Enterprises (SMEs) in their endeavor to become competitive.

- a) Accordingly, the NMCC has discussed in detailed with relevant stakeholders like the Ministry of SSI in a number of meetings and has conceptualized and finalized the components of the program incorporating suitable inputs from the stakeholders in a meeting taken by Chairman, NMCC on 7<sup>th</sup> December, 2005. The Hon'ble Prime Minister while addressing the 78th AGM of FICCI on December 24, 2005 has observed:

*"I hope the National Competitiveness Program announced by our Government, to support small and medium enterprises in particular, will enable this. The National Manufacturing Competitiveness Council, along with the Ministry for Industries, is in the process of finalizing the scheme in consultation with stakeholders. This Scheme, once put in operation, could help in improving the competitiveness of Indian firms".*

- b) NMCC would like to ensure that the Small Scale Sector grows at a healthy rate is crucial for the overall growth of Manufacturing Sector as also the National Economy. For this to happen the MSME sector has to become competitive.
- c) To obtain national competitiveness or sectoral competitiveness a number of actions would be needed at various levels. The Indian Industry will have to become competitive by cutting down overall costs and improving quality to survive and grow. The situation confronting the Small Industries in particular provides both opportunities as well as challenges. The draft 'National Strategy for Manufacturing' prepared by the National Manufacturing Competitiveness Council (NMCC) elaborates on the various aspects about ensuring competitiveness of the manufacturing sector.
- d) Ultimately, it is firms that compete in the market and not countries. Therefore, it is necessary for them to become competitive by building abilities to acquire, assimilate, develop new technologies; reduce production costs; cut down delivery time; practice Total Quality Management; enhance productivity and customer service. While some organizations in the country have initiated Lean manufacturing practices and have started to reap the benefits, these practices have not reached many industrial units in the country. The firm level

competitiveness has to be strengthened by having an appropriate policy environment. Therefore, the NMCP deals mainly with firm level competitiveness. It is designed to address the issues of competitiveness in the background of global challenges.

Details below underscore the rationale for each component of the National Manufacturing Competitiveness Program (NMCP):

#### **i. A National Lean Manufacturing Competitiveness Program:**

Under the Lean Manufacturing Competitiveness Programme (LMP), MSMEs are being assisted in reducing their manufacturing costs, through proper personnel management, better space utilization, scientific inventory management, improved process flows, reduced engineering time and so on. LMP also brings improvement in the quality of products and lowers costs, which are essential for competing in national and international markets. The broad activities planned under the scheme include Total Productive Maintenance (TPM), 5S, Visual Control, Standard Operation Procedures, Just in Time, Kanban System, Cellular Layout, Poka Yoke, TPM, etc. The scheme is initially approved for 100 mini clusters on pilot basis.

**Present Status:** The scheme is being implemented through National Productivity Council (NPC), New Delhi which is working as a nodal agency. 104 Special Purpose Vehicles (SPVs) were formed in clusters and 98 Lean Consultants deployed for the implementation of Lean Techniques. 82 Tripartite agreements also signed.

#### **ii. Building Awareness on Intellectual Property Right (IPRs):**

Innovation is clearly crucial to the future of Indian manufacturing industry. To improve IPR awareness, the need is to target SMEs to ensure they can use the IP systems effectively. The objectives of “Building Awareness on Intellectual Property Rights (IPRs)” for the MSMEs is to create and enhance awareness about IPRs among the MSMEs so as to enable them to develop ideas and business strategies and also avoiding infringement of the intellectual property belonging to others. The scheme provides financial assistance for taking up the following identified initiatives:

- a) Awareness / Sensitization Programmes on IPRs,
- b) Pilot Studies for Selected Clusters / Groups of Industries,
- c) Interactive Seminars / Workshops,
- d) Specialized Training,
- e) Assistance for Grant of Patent / GI Registration,
- f) Setting up of IP Facilitation Centre and
- g) Interaction with International Agencies.

With the approval of the Project Implementation Committee (PIC), which is responsible for day-to-day implementation of the programme, various activities have been undertaken during the year 2011-12. Progress up to 31<sup>st</sup> December 2011, in this context, includes

- (i) setting up of 23 Intellectual Property Facilitation Centers (IPFCs),
- (ii) Organized 115 Awareness/ Sensitization Programmes,
- (iii) 40 Workshops / Seminars,
- (iv) 6 Short Term Training Programmes and
- (v) 2 Two-days Workshops with association of International Agency i.e. WIPO, Geneva,
- (vi) One Pilot Study was conducted on Cane and Bamboo and
- (vii) Financial assistance was released to one unit for Grant of Patent.

These initiatives are being developed through PPP mode for encouraging economically sustainable models for overall development of MSMEs. The eligible applicants/ beneficiaries contribute a minimum of 10% of the Central financial assistance.

### **iii. Enabling Manufacturing Sector to be Competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT):**

This scheme was launched in the year 2008 – 09 and aims at improving the quality of the products in the MSME sector and inculcating quality consciousness among MSMEs. The major activities to be undertaken under this scheme are:-

- Introduction of Appropriate Modules for Technical Institutions with target coverage of 2000 technical institutions;
- Organizing 100 Awareness Campaigns every year for MSEs;
- Organizing Competition-Watch ( C-Watch) every year in two Sectors;
- Implementation of Quality Management Standards and Quality;
- Technology Tools in 100 selected MSEs every year;
- Monitoring at least 2 International Study Missions per year.

**Present Status:** National level workshop is being organized. Till 31st December, 2011

(i) 250 Nos. of awareness programmes have been conducted and (ii) 1745 Nos. ITI teachers have been trained on QMS/QTT by Quality Council of India (QCI).

#### **iv. The Design Clinic Scheme:**

The main objective of the scheme is to bring the MSME sector and design expertise problems, resulting in continuous improvement and value-addition for existing products. It also aims at value-added cost effective solutions. The broad activities planned under the scheme include creation of Design Clinics Secretariat along with regional centers for intervention on the design needs of the MSME sector.

**Present Status:** National Institute of Design (NID) Ahmedabad is working as nodal agency. Till date to sensitize about the scheme, 169 seminars have been organized in the clusters and 33 Design Projects that were received from MSME units for design intervention were approved by the Government for financial assistance. For Design interventions, 181 clusters have been approved under the scheme. 180 Nos. of Design Workshops were also conducted.

#### **v. Promotion of Information & Communication Technology (ICT) in India MSME Sector:**

Current Stage of IT adoption in Indian manufacturing sector is not encouraging. Indian manufacturing industries are facing various challenges in terms of global competitiveness partly due to lack of IT enablement of their business processes and management practices. The objectives of this programme envisages that some of those clusters of SMEs, which have quality production and export potential, shall be identified and encouraged and assisted in adopting ICT applications to achieve competitiveness in the national and international markets. The broad activities planned under the scheme include identifying target clusters for ICT intervention, setting up of e-readiness infrastructure, developing web portals for clusters, skill development of MSME staff in ICT applications, preparation of local software solution for MSMEs to enhance their competitiveness, construction of e-catalogue, e-commerce, etc and networking MSME cluster portals on the National Level Portals in order to outreach MSMEs in global markets.

**Present Status:** The scheme is under modification as “Modified ICT scheme” for inclusion of Cloud Computing approach in the scheme.

#### **vi. Marketing Assistance / Support MSEs (Bar Code)**

The objective of the ‘Marketing Assistance/ Support to MSEs’ scheme of NMCP is to popularize the Bar Code registration and motivate the Small and Micro Manufacturing Enterprises to adopt the Bar Code Certification on large scale and to sell their value added products worldwide and enable higher export price realization. It also helps in domestic marketing (wholesale & retail). 75% of annual fee (recurring) of Bar Code certification for the first three years are reimbursed to Micro & Small Entrepreneurs,

under the Scheme. The funding for reimbursement of annual recurring fee is provided under NMCP Scheme – Marketing Support /Assistance to MSME (Bar Code). Financial assistance of Rs.17.84 lakhs to 211 cases of MSEs for annual recurring fee has been provided upto 30th November, 2011.

**vii. Support for Entrepreneurial and Managerial Development of MSMEs (INCUBATOR):**

The concept of Business Incubation is a relatively new concept for MSMEs. The “Support for Entrepreneurial and Managerial Development of Small and Medium Enterprises (INCUBATOR)” Scheme of the NMCP makes available a new window for supporting and nourishing businesses based on new ideas. Under the scheme, various institutions like Engineering Colleges, Research labs etc. will be provided funds up to Rs. 6.25 lakh for hand holding each new idea/entrepreneur. The incubator will provide technology guidance, workshop and lab support and linkage to other agencies for successful launching of the Business and guide the entrepreneur in establishing the enterprise. Under the scheme seventy-six institutions and 238 ideas have been approved as on 30th November, 2011.

**viii. Setting up Mini Tool Room & Training Centres under PPP Mode:**

The Tool Room facilities are the backbone of manufacturing sector as these create dies tools, moulds, jigs, fixtures, gauges and precision components in the absence of which production units cannot operate at all. The M/o MSME started implementing the scheme called “ Setting up Mini Tool Room & Training Centres under the PPP Mode”, by providing financial assistance to Private Partners / States / State Agencies. The objective of the Scheme is to establish more tool room facilities in private sector and well within the reach of all industries in the country. The scheme will be implemented by providing assistance upto Rs.9 crores. They will be more competitive and user friendly. The approved Plan expenditure for this component is Rs.135 crore.

**ix. Technology and Quality Upgradation Support to MSMEs:**

The objective of the Scheme is to sensitize the manufacturing (MSME) sector in India to upgrade their technologies, usage of energy efficient technologies to reduce emissions of Green House Gases, adoption of other technologies mandated as per the global standards, improve their quality and reduce cost of production, etc, towards becoming globally competitive. The major activities planned under the scheme include Capacity Building of MSMEs Cluster for Energy Efficiency/ Clean Development Interventions, Implementation of Energy Efficient Technologies in MSME sector, setting up of carbon

credit aggregation centers and encouraging MSMEs to acquire product certification licenses from National International Bodies.

**Present Status:** 20 Nos. of awareness programmes have been organized on Product Certification and 286 Nos. of Product Certification reimbursements have been made.

#### **x. Marketing Assistance and Technology Upgradation Scheme for MSMEs:**

The objective of this scheme is to identify and encourage those clusters of MSMEs which have quality production and export potential and assist them to achieve competitiveness in the national and international markets. The scheme aims at improving the marketing competitiveness of MSME sector by improving their techniques and technology for promotion of exports. The broad activities planned under the scheme include technology upgradation in packaging, development of modern marketing techniques, competition studies etc.

**Present Status:** Targets have been allotted to MSME-DIs for participation of MSME units in the domestic exhibitions/fairs, reimbursement for ISO 18000/22000/27000 certification and for Corporate Governance Practices. 615 MSME units benefitted under the scheme so far.

### **29. Services Sector**

The service sector has been recording higher growth rates for the last many years compared to manufacturing and agriculture. Similarly, it has been creating largest number of jobs particularly for the educated person both men and women.

Along with the contribution to exports, IT tools play a significant role in technology and modernization of SME sector. Special packages have been developed by IT companies in India and abroad which facilitate optimum use of inputs to rationalize the costs and make the end products and services competitive. Even in traditional sectors in farming, farmers use information technology to work out optimum requirement of fertilizers, grain feed mixtures etc. Robots are playing an important role in undertaking hazardous nature of work and thereby increasing productivity. Information Technology is now the most important tool for managing the demands of competitive products.

According to NASSCOM study it is expected that SME contribution to software exports will increase to 40-50% by 2010. The domestic market for IT products is expected to increase by 20% per annum. Sufficient demand, strong fundamentals and a favorable environment support a positive outlook for Indian IT-BPO exports as well as the domestic market, going forward. The Indian IT-BPO industry is on track to reach USD 60 billion in exports and USD 73-75 billion in overall software and services revenue, by 2010. At the aspired levels of growth, the sector would, by 2010, employ around 2.5-3

million professionals, directly, account for direct investment of about USD 10-15 billion, and contribute 7-8 per cent of the national GDP.

Recognizing the role, service sector has to play in economic growth, Government of India and State Governments established their own Institutions and also under PPP made to attract educated and enterprising youth to set up technology as knowledge based enterprises. Some of them are described below:

- Software Technology Parks of India (STPI)
- Tidal Parks – in Public Private partnership
- Cyber city – in Public Private partnership
- National Institute of Fashion Technology
- Institutes Pertaining to Hospitality sector
- National Institute of Design
- STEP (Science & Technology Entrepreneurship Parks)
- Biotechnology Parks
- Mass communication institutions
- National Institute of Fashion Technology

Some more parks are being set up in various parts of the country by the State Governments under PPP mode.

### **30. Knowledge-Based Sectors**

The institutions are facilitating growth of large number of medium and small enterprises in some of the following knowledge-based sectors:

#### **a) Fashion Technology**

Opportunities are available for enterprises to tap multibillion dollar business in the areas pertaining to:

- Glamour and Limelight
- Creative and High value addition and extensive coverage
- Fashion Accessories
- Design of dresses and garments
- Jewellery
- Spas
- Beauty Parlors

## **b) Information Technology**

With the developed countries outsourcing their requirement for their large scale applications, opportunities exist for knowledge workers in India for the following:

- Banking Sectors
- Financial Services
- Insurance
- Telecom
- Utilities and Engineering Services
- Media and Entertainment
- Content Description
- Animation
- Games

## **c) Health Technology**

Opportunities exist in the following areas in this sector.

- Personal Health care
- Preventive Health care
- Physiotherapy
- Research Laboratories
- A host of other areas such as Medical waste management, Hospital supplies and staffing services etc

## **d) Design Technology**

Opportunities exist in the following areas in this sector.

- Interiors - (Furniture & Furnishing – homes, work places, community, hospitals, schools, shopping places, recreation, sports)
- Exteriors - (Architectural)
- Industrial products
- Textiles
- Electrical appliances
- White goods
- Leather products
- Engineering products
- Machinery
- Dies and tools

- Watches
- Jewellery
- Hospital equipments
- Medical instruments
- Electronics and Communication Products and Equipments

#### **e) Hospitality Industry**

Opportunities exist in the following areas in this sector.

- Budget Hotels
- Multicusine Restaurants
- Car Rental Service
- Tour Operators
- Medical Tourism
- Ayurvedic Spa
- Heritage Tourism
- Multilingual Translation Capacity Building
- Event Management

#### **f) Biotechnology**

Biotechnology refers to a diverse set of traditional and new technologies that use biological systems, living organisms or derivatives to produce products or processes for a specific use. Driven by new enterprise and innovation in recent years, the biotechnology sector in India is witnessing accelerated growth. The sector is rapidly attaining critical mass in terms of skills and capabilities to become a truly global player.

The Indian biotech industry today comprises over 280 companies with six of them generating revenues of over US \$ 22.7 million. The biotech industry continues to grow at almost the same rate that it did in last year. The industry recorded 36.55 percent growth compared to the previous year's revised figure of US \$ 788 million. Now the industry is zooming past the US \$ 1 billion mark, registering revenues of US \$ 1.07 billion, the sector has achieved a significant milestone. With the new product patent regime in place and a national biotech policy set to be notified soon, the Indian biotech industry is set to touch US \$ 5 billion in revenues by 2010.

An Ernst and Young study has named India as one of the five emerging biotech leaders in the Asia Pacific besides Singapore, Taiwan, Japan and Korea; with main land China catching up quickly. The study ranked India third in the region based on the number of biotech companies in the country, after Australia and China, including Hong Kong.

The above-expected growth will facilitate SMEs to enter into this field by setting up Contract Research Organizations (CROs) and in other areas to meet the demand of US \$ 3.1 billion market of Indian Pharmaceutical Industry.

Apart from the above mentioned areas, the Tourism and Hospitality sector offers vast opportunities to the budding entrepreneurs as Government has announced a series of tax benefits. With the rapid growth of tourist traffic in India – both foreign and Indian and scheduled Commonwealth Games in 2010, it offers immense vistas for the young entrepreneurs. Services sector offers immense opportunities with low gestation period and less investment.

Taking into consideration the above opportunities in service sector and need for fostering growth in other sectors, the Government of India has enacted MSMED Act 2006 providing a clear cut definition of MSMEs engaged in services and manufacturing for availing support services from institutions set up by Central and State Governments for their speedy growth.

Despite a large number of institutions catering to the Technology upgradation and well conceived measures announced by Government over a period of time for sustenance of this sector, SMEs are finding it difficulty in modernizing their operations. This is due to the fact that no single institution can provide comprehensive service starting from identification of technology to assimilation of technology on single window concept basis. Since SMEs are operated invariably by a limited number of people there is a need for single agency where they can get access to all information to effectively manage the technology to upgrade the products. Hence, setting up of Technology Mission will go a long way in building competitive capacity of SMEs.

Deliberating on technology upgradation of MSMEs, the working group on rehabilitation of sick MSMEs set up by Reserve Bank of India has observed the need for multiple channels for assisting the MSME sector in technology upgradation. It has suggested the following:

- Research for use by MSMEs may be carried out at IITs, NITs, private engineering colleges and large private stake holders
- Financial support for undertaking research for technology upgradation of MSMEs
- All new technologies developed at these centers may be passed on to MSMEs through the enterprise development centers proposed earlier
- Linking of Engineering colleges to clusters

- Amendment to section 10 (21) of Income Tax Act to allow 150% deduction for contribution made towards funding of R&D work in engineering institutes.

### **Food Processing Industries**

With its proximity to South East Asian markets, being home to diverse and exotic variety of fruits and other crops, North Eastern states could emerge as major centre of food processing industry, experts said.

"The North East is next door to the markets in ASEAN (Association of South East Asian Nations) nations. With peace returning to the region and 10 per cent of the budget for union ministries being allocated to North East, there is immense scope for food processing industry in the region," Indian Chamber of Commerce (ICC) Director General Rajeev Singh said today.

Union Food Processing Industries Ministry, jointly with the ICC, today organized North East Food Tech Summit in the city.

Singh said with fruits like pineapple, kiwi, peach and plum, besides mango and banana, being abundantly cultivated in the North Eastern states, the food processing industry can emerge in a big way.

Speaking on the occasion, Director of Indian Institute of Entrepreneurship S K Saikia said that food processing in the region is currently dominated by bakeries and flour mills.

"There is a need for proper data collection and storage about not only fruits and vegetables, but also their diverse breeds and varieties, if the industry in North East is to emerge competitive in national and international level where issues like brand and quality control are important," he said.

According to the North Eastern states are quite backward in terms of processing of food items. There is a need to motivate the entrepreneurs to establish food processing units in the state. These states are having abundant supply of fruits and vegetables. There is a need to develop local products such as Pickles etc., which has local acceptability. Traditional Food Cooperatives and Self Help Groups can be motivated to take up the promotion of traditional foods.

Research institutions like ICAR, CSIR etc., that are located at North Eastern states may be entrusted with the responsibility of developing small model processing units. This will not only ensure skill development in the area but also the use of local produce and help improving the standard of living of the people.

### **Agro based industries in North East**

30.92 Lakh ha out of the net cultivated area of 43 lakh ha in the region has never seen the use of chemical fertilizers. Almost 89% of farmland is categorized as organic Act in 2004. Whereas Meghalaya, a major strawberry producer, eyes a turnout of 500 MT from the current 250 MT a year.

Popular organic crops: Much of the area in the region is taken up by paddy, vegetables and fruits such as grapes. The more prosperous farmers are into cultivation of medicinal plants, rose and anthurium, primarily for export. "Mizoram has become the largest anthurium flower producer in India, owing to almost 98% of women anthurium growers," said Samuel Rosanglura of Mizoram's horticulture department.

Challenges: Most State Governments promote vermin – compost and manure in the region since bio- fertilizers and bio- pesticides are difficult to access.

### **31. Limited Liability Partnership (LLP)**

A law to allow "Limited Liability Partnership" (LLP) in India has been enacted by the Parliament of India recently. (Limited Liability Partnership (LLP) Act of 2008) LLP is an alternative corporate business entity that provides the benefits of limited liability of a company but allows its members the flexibility of organizing their internal management on the basis of a mutually-arrived agreement, as is the case in a partnership firm. This format would be quite useful for small and medium enterprises in general and for the enterprises in services sector in particular, including professionals and knowledge based enterprises.

As per the Bill, LLP shall be a body corporate and a legal entity separate from its partners. It will have perpetual succession. While the LLP will be a separate legal entity, liable to the full extent of its assets, the liability of the partners would be limited to their agreed contribution in the LPP. Further, no partner would be liable on account of the independent or unauthorized actions of other partners, thus allowing individual partners to be shielded from joint liability created by another partner's wrongful business decisions or misconduct.

*Select LLPs may get 49% FDI:* Foreign investors may soon be able to set up Limited Liability Partnerships, or LLPs, in India, as the Government is all set to allow foreign direct investment in this new form of business organization in select sectors.

As per the companies Bill 2009 it will also allow one man companies. SMEs have yet to understand the benefits under these acts and they need to make aware of the same.

## **32. Conclusion**

Availability of timely credit to start - ups as well as for existing SMEs and finance for technology upgradation and modernization of SMEs is essential for organized growth of small and medium enterprises in North East India. From the above, it can be seen that there are a large number of institutions providing assistance for SMEs. It is for the SMEs to utilize the facilities available by carrying out a detailed study and analysis of their enterprises, upgrade their technology, increase the productivity utilizing various IT tools available as on date. They should also obtain ISO and other quality marking certificates for their products to standardize their products so that financial institutions can provide credit at an affordable rate of interest and extend other facilities. Rating of their units by various credit rating agencies will facilitate them to bargain with the institutions to get credit at reasonable rates.

The Credit Guarantee Scheme has been modified with reduction in one-time guarantee fee and annual service fee to 1 percent and 0.5 per cent respectively for loans up to Rs 5 lakh, increase in loan limit from Rs 50 lakh to Rs 1 crore with a guarantee cover of 50 per cent, increase in guarantee cover from 80 per cent to 85 per cent for loans up to Rs 5 lakh and reduction in lock in period for preferring claims from 24 to 18 months.

In order to provide venture capital to SME, the budgetary support has been enhanced to SIDBI to provide risk capital funds.

*“A risk capital fund in the Small Industries and Development Bank of India (SIDBI). During FY2012, Credit Guarantee Trust with SIDBI had extended a total of 2, 43, 981 guarantees for an amount of Rs.13, 783.98 crore being approved during the financial year. Cumulatively, as at March 31, 2012, a total of 7, 92,229 accounts have been accorded guarantee approval for Rs.37, 139.31 crore and the number of MLIs availing the guarantee cover has gone up to 109 active MLIs. SIDBI to reduce the guarantee fee from 1.5 per cent to 1 per cent and the annual service fee from 0.75 per cent to 0.5 per cent for loans up to Rs. 5 lakhs.”*

While presenting India's budget in the parliament for the fiscal year 2012-13 the Hon'ble Finance Minister stated as follows on MSMEs.

### ***Micro, Small and Medium Enterprises***

***“The Small and Medium Enterprises (SMEs) are the building blocks of our economy. They rely primarily on loans from banks and informal sources to raise capital. To enable these enterprises greater access to finance, two SME exchanges have been launched in Mumbai recently. In order to enhance***

***availability of equity to MSME sector, I propose to set up a ` 5,000 crore India Opportunities Venture Fund with SIDBI. With the objective of promoting market access of Micro and Small Enterprises, Government has approved a policy which requires Ministries and CPSEs to make a minimum of 20 per cent of their annual purchases from MSEs. Of this, 4 per cent will be earmarked for procurement from MSEs owned by SC/ ST entrepreneurs.”***

In addition to leveraging finance & Technology for business growth, SMEs need to nurture their target markets in this rapidly changing competitive market place. To provide marketing support, the Government has made it mandatory for the Central public sector companies, Government departments and institutions to source at least 20% of the procurement from SMEs which will go a long way to expand their businesses. SMEs in North East India must benefit from these opportunities. In addition some State Government in North East are also sourcing their requirements from local units.

Similarly SMEs should upgrade the skills of their employees and professionalize their management structure. HRD deserve equal attention to fully benefit from the opportunities available to SMEs.

As is evident, North East India is very rich in resources. Some mineral resources are being exploited whereas others are not being accessed for reasons of logistics and transportation bottlenecks apart from lack of peaceful environment in some areas. Harmonious growth in exploring these rich resources will add value to the States wealth and generate lot of employment opportunities and will benefit North East India as well as country at large.

Similarly, Agro & food processing industry is of immense value. Lot of industries particularly SMEs can be set up. However, it does have to link with institutional marketing efforts. The friendly Climate is a boon for Horticulture development. GOI Horticulture Mission must be very active in North East India. The biggest challenge is to build the infrastructure such as cold storages and collection centres. Experience of Himachal Pradesh for apple growing is a success story to learn some lessons.

Contract Farming as being practiced in some parts of Punjab and Himachal Pradesh is ideally suited along with debottlenecking in transportation. Raw material depots will encourage SME Development.

Most of the Agro Farming is organic in North East. State of Sikkim has 85% of organic farming and Government has decided to declare Sikkim for 100% Organic farming in the State by 2015.

Many western countries are trying to source Organic farm products. Similarly, there are many pockets in India among the urban population to look for organic food and organic farm products and are ready to pay premium price. Hence, North East India which grows almost organic food products could be the biggest beneficiary backed for marketing in urban India and exports.

Enterprising spirit of North East India is blooming. SMEs will continue to face the challenges and keep growing. Let us harness the entrepreneurial spirit of men and women by supporting them. The Provision of innovative finance to SMEs can attain the goal only when it is preceded by open mind-set of the lenders. Similarly, innovation and technology is a crucial tool in today's era to enhance competitiveness of SMEs.

**by:**

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**DEVELOPMENT OF MSME'S IN  
NORTH EAST INDIA:  
EMERGING HUB OF INDIA**

## Development of MSME's in North East India: Emerging Hub of India

### 1. Introduction

In India, the Micro, Small and Medium Enterprises (known as MSME) today occupies an important role in directing the development process for growth and prosperity of the country. During the past 65 years, this sector has contributed significantly towards building a stable and sound national economy. Today, MSME comprises of 95 per cent of the total industrial enterprises in the country, accounting for 45 per cent of total industrial production, generating over 80 per cent of industrial employment and about 40 per cent of country's export. At present the MSME sector contributes 8 per cent of the country's GDP. The Government of India as well as all the State Governments therefore, have been adopting a number of initiatives for the development of MSME for increasing of income generating activities, solving of acute unemployment problem, utilising of all natural and human resources optimally, earning of more foreign exchanges and eradicating of the regional imbalance of the country. MSME in India is considered now to be a panacea for creating wealth, generating employment and providing new and better goods and services. The present MSME sector is shown in Table-I

**Table-I**

**Indian MSME Sector – At a Glance\***

<ul style="list-style-type: none"> <li>• MSMEs: 285.16 lakhs</li> <li>• Employment generated: 659.35 lakh</li> <li>• Production : At current Prices Rs. 8,80,805 crores</li> <li>• Exports : Rs. 202017 crores</li> <li>• MSMEs account               <ul style="list-style-type: none"> <li>– Industrial Production : 45%</li> <li>– Exports : 40%</li> <li>– GDP Share : 8%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Ownership pattern :               <ul style="list-style-type: none"> <li>– Proprietorships : 94.49%</li> <li>– Partnerships : 0.68%</li> <li>– Corporate &amp; Others : 4.82%</li> </ul> </li> <li>• Manufacturing Units : 28.56%</li> <li>• Service Enterprises : 71.44%</li> <li>• Registered MSME: 5.94%</li> <li>• Produces Diverse range of products (more than 6000- consumer items, capital goods and intermediates)</li> </ul>
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*\*Up-to 31st March 2010*

From the above table, it can be observed that MSME sector occupies a pivotal role in our country. However, it is also observed that the MSME sector in our country have been facing a tough fight, not only against its own counterparts (MSME), but also from

large and organised sector of the country and also from the multinational corporations (MNCs). To make the MSME sector healthier and to develop a global competitiveness among Indian MSMEs, the Ministry MSME has passed the MSME Act in 2006 and also introduced 10 different innovative schemes under National Manufacturing Competitiveness Programme :-

1. Marketing Support/Assistance to MSMEs (Bar Code)
2. Support for Entrepreneurial & Managerial Development of MSMEs through Incubators
3. Enabling Manufacturing sector to be competitive through Quality Management Standards & Quality Technology Tools (QMS/QTT)
4. Building Awareness on IPR for MSME
5. Lean Manufacturing Competitiveness for MSME
6. Mini Tool Room (MTR)
7. Design Clinic Scheme for design expertise to MSMEs Manufacturing (DESIGN)
8. Marketing Assistance & Technology Up gradation Scheme in MSMEs
9. Technology & Quality Up-gradation Support to MSMEs
10. Promotion of ICT in MSME Manufacturing Sector (ICT)

## **2. MSMEs in North East – The Macro View:**

The economy of North East on the other hand is characterized by low per capita income, low capital formation, inadequate infrastructural facilities, communication bottleneck and geographical isolation from the mainstream. The region is also characterized by inadequate exploitation of the natural and human resources, for which industrial activities are very low in the entire region and high unemployment rate among the relatively highly literate people. The industrial backwardness is reflected in its total number of enterprises. Only about 1.5% of country's MSMEs have been set up in the region. Though, it has a very small number of enterprises at present, but the North Eastern Region offers vast market opportunities.

It is observed that the economy of the North Eastern Region is predominantly an agrarian economy, based on agriculture and horticultural crops etc. The region on the other hand has vast potentialities for setting up of number of enterprises, based on its own resources like- agriculture, horticulture, forest, jute, rubber, tea, medicinal plants, cane and bamboo, oil, gas, coal, hydro electric etc. These resources can be utilized by setting of number of industries in the region, particularly in MSME sector, including the service sector enterprises. Similarly, the region is also very much rich for its flora and fauna particularly for tourism sector and also traditional arts and crafts, mainly in handloom and handicrafts sectors. Since time immemorial, local artisans have been

producing a variety of handloom and handicrafts items, out of which some of the items are really superb, exquisite and unique. These products have attracted many people from both within as well outside the region and to some extent outside the country also.

But due to lack of entrepreneurial zeal by the local people, particularly the youth and also lack of availability of skilled and semi-skilled labours in the region, poor infrastructural facilities, lack of adequate power supply, lack of encouragement from the commercial banks and financial institutions, limited R & D facilities and lack of proper marketing knowledge, lack of hand holding support etc, the development of the MSME is remain tardy. The social and cultural taboos are also responsible to a large extent for not developing industries in the region. However, at present a number of Organizations/Institutions have been involved to develop the entrepreneurship and enterprises in the region. At present, apart from the Directorate of Industries and Commerce in all the state in the north east including its District Industries and Commerce Centre (DICC), Directorate of Rural Development (DRDA), State Industrial Development Corporations (SIDCs) like ASIDC and AIDC (Assam), TIDC (Tripura), MIDC (Meghalaya),, MANIDCO (Manipur), APSFDC (Arunachal Pradesh), Sikkim Industrial Development Investment Corporation (SIDICO) etc, State Institute of Rural Developments (SIRDs) like SIRD (Assam), SIPAR (Tripura) etc, State level Handloom and Handicrafts Development Corporations like AGMC (Assam), MHHDC (Meghalaya), MHHDC (Manipur), SHHDC (Sikkim), THHDC (Tripura) etc have been involved for developing entrepreneurship and enterprises in their respective states. Under the cenral sector also, a few Organizations/Institutions like Indian Institute of Entrepreneurship (IIE), North Eastern Technical and Consultancy Organisation (NEITCO), North Eastern Consultancy Organisation (NECON) with it's headquarter at Imphal (Manipur) etc. In addition, organization like Micro, Small and Medium Enterprises Development Institute (MSME-DI), National Small Industries Corporation (NSIC), Khadi and Village Industries Commission (KVIC), North Eastern Handloom & Handicraft Development Corporation (NEHHDC), North Eastern Regional Agricultural Marketing Corporation (NERAMAC) etc have been operating in the region for developing entrepreneurship as well as micro and small enterprises.

The region occupies a very strategically and geo-politically sensitive frontier zone of the country, sharing 98 percent (4600 km) with international border with the four different countries i.e. Bangladesh, Myanmar, Bhutan and China, while having only 2 per cent (33 km) of its border with the mainland India. As the region has the unique locational advantage of being situated close to South East Asian countries and hence it has the potential to emerge as a strategic base for domestic and foreign investors to tap the vast potential markets of these countries like China, Bangladesh, Bhutan, Myanmar, Thailand, Malaysia, Philippines, Cambodia, Indonesia, etc. To help the local entrepreneurs in the export-import sector, a number of organizations like- Director General of Foreign Trade (DGFT), Agriculture and Process Food Export Development

Authority (APEDA), Marine Product Export Development Authority (MPEDA), Export Credit Guarantee Corporation (ECGC), Inland Container Depot (Dry Port) etc have been established or up-graded and a few Export Promotion Industrial Parks have been set up to help the local entrepreneurs.

### **3. MSMEs in North East – The Real Picture:**

Industrialisation in North East India as it stands today is marked by declining share of manufacturing sector at 5.66 percent (2012) as compared to 17 percent at National level since 1993-94. This share was at its crest during 2002-03 before starting to recover. Improvements have been recorded in performance of Sikkim, Tripura, Assam and Meghalaya while other states of the region have record a paltry growth.

Inference drawn from data obtained from NSSO shows that in the industrial output of NER states, there is substantial contribution from the local micro and small enterprises (MSEs). The informal manufacturing sector (IMS), which is basically MSME in nature, is the highest contributing segment (62%) in the industrial output of the region.

The growth of enterprise and employment in the IMS of NER (and India as well), shows a positive growth during the last 5 years. The employment situation in the IMS of NER is most encouraging; where the growth of employment is higher than the growth of enterprises, especially from 2004-05 to 2009-10 where the growths of employment in Manufacturing Establishments with six or more workers (domestic and hired) are 6 times higher than the employment in same type of establishments at all India level. (*Source: NSSO 51<sup>st</sup>, 56<sup>th</sup>, 62<sup>nd</sup> and 68<sup>th</sup> rounds, indiastat.com*)

Though premature closure of enterprises has remained a problem in the region but a steady decline in number of enterprise closure has been observed along with reduced rate of decline in overall employment in the sub-sector. Moreover, there has been increase in the rate of new enterprise creation during the 11<sup>th</sup> Plan period. Also growth in employment in the segment is higher than that of 10<sup>th</sup> Plan period. This is an indication of the faster growth of the informal work force of the region.

Female employment in the IMS of NER has shown positive growth from 2004-05 to 2009-10, whereas the male employment has remained stagnant. This follows the national trend. Growth of female employment in the IMS of the region is higher than their counterpart at the all India level; this has remained a feature of the region during both the previous plan period. Male employment has shown recovery from negative growth of previous periods. Both these factors are pointers towards expansion of male and female employment in IMS during the 11<sup>th</sup> plan period.

The combined contribution of service sector of NE Region stands at 2.29% of the total contribution by all states of India. Out of this, the informal service enterprises (ISEs) contribute to 37 percent of the total output and provide employment to 12 Lac persons. Male employment in this sector is higher than female employment and both male and female employment has shown accelerated growth during last 2 years.

The information released by Ministry of DoNER indicates that among the NE states, Assam, Tripura, Meghalaya and Sikkim are making steady progress in terms of economic development and are reflected by their Per Capita Net State Domestic Product. Manipur, Arunachal Pradesh and Nagaland are slightly behind the National Average. But overall, there is an upward trend in Per Capita Income for the entire NER.

The above facts are indicative that efforts at industrialisation of the region have shown results. The northeastern region is bestowed with rich natural and human resources. Continuous efforts are been made to channelize the vast resources for the overall growth and development of the area. One major thrust are has been to explore business opportunities by local entrepreneurs and youths. The Ministry of MSME, Govt. of India and its subsidiary organizations has been systematically following a multi-pronged approach for the development of the micro, small and medium enterprises in the region. The aim is promotion, augmentation, support and sustenance to the MSME sector in the region through need based interventions.

#### **4. MSMEs in North East – The Government Initiatives:**

Towards achieving a common goal, the organizations under the Ministry of MSME viz. IIE, KVIC, DI-MSME, NSIC and MSME Tool Room are working in close coordination with each other towards a holistic development approach. Also, there is increased interaction between the State Government Agencies and Departments of Central Government resulting is convergence and higher cross functional efficiency. To cite an example, in projects of IIE support for design development is taken from National Institute of Design (NID), Central Silk Board provides support on tools and machineries, Handloom & Handicraft Department provides artisan card and insurance, KVIC provides beneficiaries the opportunity to enroll under PMEGP, DC-MSME provides support through NMCP, NEDFi provides micro-finance, State Government provides local infrastructure and gap funding is provided by Ministry of DoNER.

Towards achieving the Prime Ministers' Skill Missions target of 500 Million skilled persons by 2022, responsibility for training 15 Million skilled persons has been given to the Ministry of MSME. A comprehensive scheme named Assistance to Training Institutions (ATI) was worked out for the same. The aim of the scheme is to create wage

and self-employment through blending entrepreneurship and skill inputs. IIE is one of the forerunners in effective implementation of the scheme in NE Region.

#### **5. MSMEs in North East – IIEs Role:**

IIE has been playing a major role in the region towards capacity building and enterprise development. Its efforts have been concentrated at reaching out to the youths of the region and providing them avenues and skill for employment. During last 5 years IIE has trained up 1.12 Lac persons out of which more than 72 thousand have been provided skill training (under the ATI scheme) in various need based trades through Entrepreneurship cum Skill Development Programmes (ESDP).

IIE is also given the mandate to providing post training handholding support to the trainees. Over the last 4 years it has been able to provide wage and self-employment opportunities to 35% of the trainees who underwent skill development trainings. Among this 14% of the trainees could start their own business and 21% are able to get employment.

For equitable and balanced development across the region IIE has opened Branch Offices in 7 States of NER as per direction of the Prime Minister's MSME Task Force. Thus IIE is set to take a more pro active and holistic approach by catering to the needs of the micro and small enterprises sector in the region in the coming years.

Through its area approach programmes, IIE is focusing on the development of languishing village and traditional industries in the region and the micro and small enterprises. Coordinated efforts have been undertaken at reviving and rebuilding them and providing the scope to access the niche market with new innovated and diversified products. Continuous support and careful selection of right interventions in creating awareness, social capital building, product development and market access has created vibrant social capital in the project locations.

In letter and spirit, the institute has been striving to transfer all support from the Ministry of MSME to the small and medium enterprises (SMEs) in the North Eastern Region. It is providing support for development of MSMEs in the region through sponsoring studies on the MSME sector; conducting Entrepreneurship cum Skill Development Programmes (ESDP); Cluster development projects (CDP); setting up RGUMY Cell at IIE through which the institute has been rendering assistance to the entrepreneurs in drawing projects proposals for grounding units.

The state of the art Jewellery Designing and Manufacturing Training Centre which has been set up as an incubation center to provide training to new entrepreneurs and

forward linkage to the existing entrepreneurs has been churning out quality professionals. Organizations like NEC have been continuously supporting this initiative.

With the effort initiated by the institute, it is observed that there is increased interest amongst the youth of the region to take up entrepreneurship as career option. It is also noteworthy that there is higher acceptance of the society towards entrepreneurship.

Like IIE and other organizations under the Ministry of MSME, Government of India, various State Governments of the region has also taken a number of initiatives to promote entrepreneurship and develop industries in a more streamlined manner in their respective states. For example, the Government of Nagaland has initiated a series of capacity building measures. This included declaring of the year 2010-11 as the 'Year of Entrepreneurs' in Nagaland recognising the fact that Nagaland has been a consumerist society and that it was time to start production through micro, small and medium enterprises – i.e. the MSME sector to achieve self-sufficiency in the State. Similarly, the Government of Assam has taken some positive steps by introducing some new schemes like "Jeevanjyoti Achoni", "Udyogjyoti Achoni", "Employment Generation Mission" etc. The Government of Sikkim has also launched Chief Minister's Self Employment Scheme (CMSES) for providing loan to educated unemployed youths for setting up of self-employment venture through service and business routes. Other State Governments have also more or less taken some positive steps to set-up more and more MSMEs in their states.

## **6. MSME and Border Trade:**

The region also occupies a very strategically and geo-politically sensitive frontier zone of the country, sharing 98 percent (4600 km) with international border with the four different countries i.e. Bangladesh, Myanmar, Bhutan and China, while having only 2 per cent (33 km) of its border with the mainland India. In view of having 98 percent of international border with these four neighbouring countries and also a number of strategic advantages like geographical proximity, socio-cultural cohesiveness and economic complementarity with these neighbouring countries, the region could thereby emerge as a major gateway for boosting of the border trade. The Government of India and also all the State Governments in the region therefore, have been accorded high priority for enhancing the border trade with the neighbouring countries, in addition to the other fast developing South East Asian countries.

It may also be noted that, due to changing scenario in international trade under liberalisation and globalisation policy, India has been giving much emphasis on forging closer economic and commercial links with many countries in the world in general and

the fast developing South East Asian countries including the neighbouring countries in particular. For this, India and all the SAARC countries have decided to make a greater regional trade co-operation by way of removing of some of the tariff and non-tariff barriers and other restrictions in a planned manner. Forming of SAFTA, SAPTA etc along with construction of Trans Asian Railways, Asian Highways, Trilateral Highways, etc has also made initiatives towards greater regional economic cooperation. Under the Look East Policy also, the Government has created many more facilities like construction of warehouses, cold storages, weigh bridges, trade centers etc in the border towns of the region in addition to setting-up or upgradation of DGFT, APEDA, MPEDA, ECGC, ICD, EPIP etc. Union Government has also created a separate fund known as Export Development Fund for the North East under which a Trade Cum Exhibition Centre at Guwahati, Laboratory for testing of Agri & Food Products at Balipara (near Tezpur), Integrated Trade Information and Stay Facility Centre at Moreh (Manipur), International Marketing Cell, Inland Transport Assistance Scheme for exporters of the region, Agri Processing Zones like Pineapple zones (Tripura), Floriculture and Cherry (Sikkim), Ginger (Assam and Sikkim), Bamboo Industrial Complex for Export (Mizoram), Integrated Pack House Facility for Agriculture (Sikkim and Mizoram), Ginger Pack House (Guwahati), Walk in Cold Storage at Guwahati and proposed at Agartala, Aizwal, Dimapur and Imphal, 32 Land Customs Stations at various border areas, one International Airport at Guwahati. etc. For sanctioning of all the agri export projects, APEDA is entrusted to work as Nodal Agency. The regional level financial institutions and trade and industrial associations like North Eastern Development Financial Corporation (NEDFi), Federation of Industries & Commerce in NE Region (FINER), North East Chambers of Commerce & Industry (NECCI), Confederation of Indian Industries (CII) etc have also been involved to boost-up the border trade from the region.

Many well known Institutions and Organisations in India like IIFT (New Delhi), FIEO (Kolkata), TCS (Kolkata), EXIM Bank (Kolkata), FICCI (New Delhi), IIE NECCI, FINER (Guwahati) etc have made some studies and identified a large number of items right from coal, limestone to organic tea, herbal tea, fruits, vegetables, innovative range of jute products, essential oils, medicinal plants & concentrate, cement, sheet, plate glass, sponge iron, eco and other tourism, health tourism etc, which could be exported to our neighboring countries as well to the other countries in the world.

## **7. Conclusion:**

Multi-pronged problems like difficult terrain, infrastructure, connectivity, etc makes local resource based micro enterprises the only viable option for NER. The institute, through a comprehensive SWOT analysis of the region has identified the challenges and

opportunities and working out strategies to dynamically address the issues at both grassroots as well as policy level.

N.E. States have already established a linkage of border trade with the neighbouring countries, although volume of informal trade with Myanmar and Bangladesh is still more than the formal trade, for which neither side of the country is getting any revenue. Therefore, judicious policies and programmes could be chalked out which will form an important gateway to trade with the neighbouring countries as well as an extended trade with the more affluent Asian markets. It is therefore high time to make all our efforts to boost the border trade and export trade from the region.

Finally we can conclude that continuous support from the Government of India coupled with plentiful resources and skilled manpower, the entire region has shrugged off the inertia that accumulated over the long period of inactivity which pegged back all developments in the region. Changing mindset of the people has already shown its results and there is strong belief that the NER is fast emerging as a SMEs hub in India.

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**ENTREPRENEURSHIP  
DEVELOPMENT IN THE NE REGION  
AND ROLE OF  
ENTREPRENEURSHIP INSTITUTES**

# **Entrepreneurship Development in the North East Region and Role of Entrepreneurship Institutes**

## **Introduction**

Entrepreneurship is vital to a market economy. It has been considered the backbone of economic development and social change. In view of this, there has been a world-wide interest in the promotion of entrepreneurship. In India, Small Industry Extension Training (SIET) Institute, Hyderabad made pioneering efforts to initiate the process of entrepreneurship development during mid-1960s-1970s (Bhagwan Prasad, 2003). Gujarat is the pioneer State in starting systematic efforts at entrepreneurship development during 1970s. This was followed by a few other States including Andhra Pradesh, Karnataka, Tamil Nadu, and Jammu & Kashmir. By 1980s, entrepreneurship development attained the status of a nation-wide movement. During 1990s, the Information Technology (IT) revolution began. Indian entrepreneurial explosion happened in the closing years of the 20<sup>th</sup> century (Akhouri, 2001). This trend is continuing at a faster pace. Liberalisation, privatisation and globalisation along with IT revolution have opened up new vistas for capable entrepreneurs to avail of the opportunities for setting up micro and small enterprises. More individuals are now entering the field of entrepreneurship, especially in developed States pursuing new directions, and new products and services through start-up ventures. In the States of North East (NE) India, more youth are gradually moving towards entrepreneurship, and promoting largely micro enterprises. The road ahead is challenging, and much more is to happen, with greater and more diversified opportunities available for prospective entrepreneurs.

## **Pioneering Efforts in the North East Region**

In the Region, Assam is the pioneer State to start systematic efforts for entrepreneurship development. In 1973, the Government of Assam adopted the Integrated Model of entrepreneurship development evolved by SIET Institute, Hyderabad for effective promotion of entrepreneurship in the State and based on this model, Assam established entrepreneurial motivation training centres (EMTCs), a district level agency to promote entrepreneurship among the youth. However, in 1999, the Government integrated the EMTCs with the District Industries Centres (DICs), and an important local level agency for entrepreneurship development was lost for ever.

### **SIET Branch Institute**

In May 1979, SIET Institute started a Branch Institute at Guwahati to cater to the training needs and other professional services of the region. In September 1984, SIET Institute became NISIET (National Institute of Small Industry Extension Training), and SIET Branch Institute became NISIET North East Regional Centre (NISIET NER Centre).

In 1985, NEC made an ambitious plan based on the SIET study on entrepreneurial and managerial needs of NE Region (SIET, 1978) to develop 5,000 entrepreneurs in the region during the Seventh Five-Year Plan (1985-90); and three organisations including NISIET NER Centre were entrusted with the task of conducting EDPs in the region. Evaluation study (NEC, 1990) on the EDPs organised during 1986-90 revealed that the overall rate of success of EDPs was 20.9%. There were, however, state-wise variations in the rate of success.

### **Birth of the Indian Institute of Entrepreneurship**

In January 1993, Union Ministry of Industry set up the Indian Institute of Entrepreneurship (IIE), a national level Institute with headquarters at Guwahati to undertake training, research and consultancy services in the field of entrepreneurship development to develop micro and small enterprises (MSEs). IIE is probably the first Central Government Organisation that has headquarters in Guwahati. IIE started operations from 1st April 1994. It has now a regional office at Dehradun (Uttarakhand), and seven branch offices in seven NE states, excluding Assam. During April 1994-March 2012, it trained 1,14,674 participants (*IIE Annual Report 2011-12*).

IIE organizes programmes for prospective and existing entrepreneurs, educated children of artisans and entrepreneurs, entrepreneurship education programmes and Information Technology (IT) programme, apart from organizing seminars and workshops.

Creating awareness among college and university teachers and students about entrepreneurship has been one of the focus areas of the Institute. The Institute organises faculty development programmes for teachers, and awareness camps for students of colleges and universities, and also programmes for polytechnic students.

During the early years, EDPs were co-sponsored by the North Eastern Council (NEC) and Industrial Development Bank of India (IDBI) along with its sister organisations, Industrial Finance Corporation of India (IFCI) & Industrial Credit and Investment Corporation of India (ICICI), and later on, when Small Industries Development Bank of India (SIDBI) was set up, NEC and SIDBI co-sponsored the EDPs. NEC remained the

major sponsor of EDPs for several years. Subsequently, other organisations came forward to support EDPs. The number of NEC-IDBI and NEC-SIDBI sponsored EDPs during s 1995 - 2001 and conducted by IIE was 54, and entrepreneurs trained 1,351 in various States. Among them, 445 (32.9%) set-up enterprises, though there were state-wise variations in the percentage of enterprises set-up. The overall percentage of units set up may be regarded as impressive considering the entrepreneurial environment in the region. The type of enterprises established ranges from manufacturing, agro-related, service, to business ventures. However, service and business ventures continued to be sizeable. In terms of enterprises launched, the performance is impressive; however, out of 445 start-up ventures referred to above, only 187 (42%) entrepreneurs obtained bank finance, and as many as 258 (58%) had to depend on their past savings, support from parents, and borrowings from friends and relatives (IIE, 2001). Low level of support from banks and financial institutions for trained entrepreneurs, not to speak of untrained entrepreneurs has been a major issue in promoting entrepreneurship in the entire region. Though some improvement has taken place in the recent years in financing by banks and other institutions for micro and small enterprises, the present picture is still considered highly unsatisfactory. Much more is yet to happen in terms of positive achievement in this direction.

### **Approaches to Entrepreneurship Development**

The approach adopted for entrepreneurship development during the first phase was a combination of location approach, area approach, and multi-pronged approach, with greater emphasis laid on area approach. The success of location approach depends mainly on the effective follow-up and monitoring of the trained entrepreneurs. In order to make follow-up and monitoring of EDPs more effective, there is need for active support from the local DIC. This involved cost and additional manpower. The DIC and the training agency found it difficult to manage the cost and manpower for effective follow-up. Hence, the success rate of this approach has been generally less than visualised. IIE adopted the area approach from 1996 when the Institute was implementing the Rural Industries Programme (RIP) with support from SIDBI. This approach was found to be more effective compared to the location approach. In this approach, results of EDPs became more visible when compared to the location approach. This is partly because of greater involvement of banks in EDPs, and also better follow-up. Area approach may not be a new approach, but terming it as 'area approach' is certainly new. IIE implemented this approach initially in Nagaon district of Assam during 1996-99, and

thereafter in a few more districts under different programmes (Mali, 1998). Several organisations have adopted this approach in subsequent years.

Gradually, IIE started a multi-pronged approach. While adopting the location approach and area approach, it was observed that promotion of entrepreneurship required a multi-pronged approach to have a better impact. This approach is inclusive, in that it includes almost all groups of individuals who may be potential contributors to the growth of entrepreneurship in any society. They are prospective entrepreneurs, the direct beneficiaries of EDPs. Apart from them, existing entrepreneurs can also create an impact on growth of entrepreneurship as role models or mentors for new entrepreneurs; educated children of artisans can raise the level of their artisanal activity to entrepreneurial activity. The educated children of entrepreneurs may take up their family business for growth and expansion, personnel from promotional and support organisations can help in creating an entrepreneur-friendly environment in their organisations. In addition, students are the potential source of entrepreneurs for tomorrow. Creating awareness of career options among them may itself be an important step to encourage students to think about a career option in entrepreneurship. All these will create a positive environment for the growth of entrepreneurship in any society.

All the approaches indicated above have helped in the growth of new entrepreneurs, and new entrepreneurs have been emerging steadily. Evaluation study (IIE, 1998) of the effectiveness of EDPs conducted during 1990-96 by NISIET/IIE, North Eastern Industrial and Technical Consultancy Organisation (NEITCO), North Eastern Industrial Consultants (NECON), and National Small Industries Corporation (NSIC) revealed that overall rate of success of EDPs was 25.2%. This meant that rate of success of EDPs improved when compared to 20.9% success rate in 1990. However, there were state-wise variations in the rate of success. Enterprises established were mostly of micro enterprises. Trained entrepreneurs were taking up both traditional and non-traditional activities; in manufacturing and services sectors. More entrepreneurs emerged in the services sector because of the ease of entry and exit. Besides, service activities required relatively small capital.

During 2002-2012, there is continuity with change. continuity in the type of programmes and also approaches to entrepreneurship development; and change brought about by opening a Regional Office at Dehradun, and seven Branch Offices of IIE in seven States of the North East with the exception of Assam. The movement also witnessed new directions in this period. IIE established a Gem and Jewellery Development Centre

(GJDC) for skill development training. Sikkim was included in the NE Region, and hence, it became a priority State for IIE. At the instance of the Union Ministry of MSME, the Institute initiated Comprehensive EDPs (CEDP) on gem stone processing, hosiery and woollen garments manufacturing.

In course of time, some changes have occurred in the approach to entrepreneurship training. EDPs have been creating new entrepreneurs; but the rate of success continues to be low, and needs improvement to focus on sustainable development. Hence, the Union Ministry of MSME felt the need 'to provide skill development training along with entrepreneurship development training' to people in less developed States 'in order to bring them to the mainstream of economic growth' (Ministry of MSME, *Annual Report 2011-12*). Since 2009-10, IIE has been implementing 'a Flagship Scheme of the Ministry of MSME for skill development to create 500 million skilled manpower in India by 2022'. The implementation of the scheme has led to shift in the focus of the Institute from entrepreneurship development programmes to skill development training. Since then, IIE has been organising more Entrepreneurship and Skill Development Programmes (ESDPs) and Skill Development Programmes (SDPs). (IIE, *Annual Report 2011-12*). Greater emphasis on skill development along with entrepreneurship development is likely to increase the success rate of start-up ventures. This can also help in creating more sustainable development. Lack of skill is the major problem for a majority of youth in taking up entrepreneurial activity. Skill development programmes can also create more employable people, and help in generation of self-employment as well as wage employment. It may be mentioned that lessons in this direction are drawn from the experience of RUDSETIs (Rural Development and Self Employment Training Institutes) promoted by Canara Bank and Syndicate Bank in Karnataka in particular, and other Bank Consortia promoted Institutes of Rural Development (IRDs) in Andhra Pradesh, and a few other States.

With changes in the policies of the Government, and an increased thrust on globalisation and liberalisation, the Government felt that the indigenous industries need focussed attention. Hence, along with individual impetus on enterprise creation, group approach in MSME development is the need of the hour. With this background, IIE has gradually started various Area Approach Projects in the NE Region. The approach has been oriented towards developing enterprise and entrepreneurship in the project mode. The area approach projects include science and technology enterprise development (STED) project, rural industries programme (RIP) of SIDBI, District Rural Industries Project

(DRIP) of NABARD, regional resource centre (RRC) for cluster development for developing micro and small enterprise clusters with support from the Development Commissioner (MSME), rural business hub (RBH), etc. Besides, IIE, as the implementing agency, has been implementing the modernisation programme in a number of clusters in handloom, Eri Silk, jute, terracotta, kauna grass, bamboo, wood carving, carpet making, food processing, etc (IIE, *Annual Report 2011-12*).

### **Emergence of other Organisations**

Many organisations are now associated with entrepreneurship development activities in the NE region at present, a few exclusively, and a number of others along with other core functions. Micro, Small and Medium Enterprise Development Institute (MSME-DI) or its branch is operating in all the NE States. Its focus, as a field wing of the Development Commissioner (MSME) is advisory services for MSMEs. Technical, managerial and entrepreneurial training also forms part of its activities. North Eastern Industrial and Technical Consultancy Organisation (NEITCO) was started in Guwahati in 1973 by development financial institutions and banks. Entrepreneurship training has been one of its functions, along with techno-managerial and economic consultancy services. Similar is the case with North Eastern Consultants (NECON) started in 1987, with headquarters at Imphal (Manipur), which has since been shifted to Agartala (Tripura). Entrepreneurship Development Institute of India (EDII), Ahmedabad has established a regional office in Guwahati. EDII operates with focus exclusively on EDP. National Small Industries Corporation (NSIC) has been conducting enterprise building programmes, and ED awareness programmes in different States of the North East. It has also set up an incubation centre, as part of its Technical Services Centre at Guwahati, to provide hands on training to entrepreneurs. Incubator provides necessary facilities to prospective entrepreneurs and start-up companies to learn product manufacturing processes coupled with technology development under one roof. NSIC facilitates handholding support to micro and small enterprises. Government of Assam has set up an Institute of Development of Entrepreneurs in Assam (IDEA) in 2005, a new institute to promote rural entrepreneurship in the State under the administrative control of the State Institute of Rural Development (SIRD), Assam. SIRD has been promoting rural entrepreneurship in agriculture and allied activities, rural transport and small business. IDEA has now been renamed as Resource Centre in IT and Skill Development, and changed its focus to management and skill development of micro entrepreneurs. Rural Development and Self-employment Training Institute (RUDSETI)

was started in Manipur, with focus on development of vocational skills along with entrepreneurial talents.

Among commercial banks, State Bank of India was the pioneer in conducting EDPs. Currently several banks are organising or supporting EDPs conducted by other organisations including non-governmental organisations (NGOs). Among the development financial institutions, Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD), North Eastern Development Finance Corporation (NEDFi) have their schemes to support EDPs organised by training institutes and NGOs. At the State level, Small Industries Development Corporation such as Assam Small Industries Development Corporation (ASIDC) also pursues entrepreneurship development activities. RGVN (NE) Microfinance Ltd. with headquarters at Guwahati has also entered into the field of training for self-employment and entrepreneurship. This non-banking financial company not only trains entrepreneurs; but also provides microfinance to them. Central Institute of Plastics Engineering and Technology (CIPET) has its branch Institutes at Guwahati and Imphal for promoting skilled persons and entrepreneurs in the plastics sector. Electronics Development Corporation, such as Assam Electronic Development Corporation has been promoting self-employment and entrepreneurship in the Information and Communication Technology (ICT) sector. Employment Generation Mission (EGM), a new organisation promoted by Government of Assam has been promoting entrepreneurship through different agencies. Among the NGOs, Dristee has been promoting IT kiosks and Dhriiti has been promoting micro enterprises for utilising arecanut sheaths, which was earlier a waste material. There are entrepreneurs' associations, such as All Manipur Entrepreneurs Association (AMEA), women entrepreneurs associations, e.g., North East Women Entrepreneurs Association (NEWEA), small industries associations such as North East Small Scale Industries Association (NESSIA), and other organisations extending support to micro and small enterprises in a number of ways. These NGOs have been playing an important role in encouraging entrepreneurship. This list is only illustrative. This can give us an indication about the wide variety of agencies directly or indirectly involved in promoting entrepreneurship, and developing technical / vocational/ and entrepreneurial skills in a large number of areas where opportunities remain to be tapped.

Intensive efforts in the promotion of entrepreneurship have helped in the creation and upgradation of entrepreneurial skills in the region, and simultaneously accelerating the growth of micro and small enterprises, and possibly medium enterprises. Apart from created entrepreneurs, there are people who have taken up entrepreneurship by choice and also by compulsion. However, all of them have contributed to the faster growth of MSMEs. This is reflected in the trend of growth and performance of micro, small and medium enterprises (MSMEs) in the Region. During 2006-07, the number of registered working MSMEs in the region was 34,295. This has gone up to 47,786 in 2009-10, and 55,271 in 2010-11, recording a compound annual growth rate (CAGR) of 12.7% during the years 2007 to 2011. In respect of individual States also, there has been growth of MSMEs over the years. The 12<sup>th</sup> Five Year Plan (2012-17) envisages Faster, Sustainable, and more Inclusive Growth. This goal is to be pursued vigorously in the development of MSME Sector in the NE Region as well.

### **Conclusion**

Well orchestrated and holistic efforts made by IIE and its predecessors, SIET Institute / NISIET for nearly four decades have created a sound base for the implementation of entrepreneurship development strategies in the NE Region. In the mean time, a number of other agencies have also emerged. All these institutions have contributed to the promotion of entrepreneurship, and acceleration of the progress of micro and small enterprises in the region. New entrepreneurs have been emerging from different segments of the society. Entrepreneurs have also emerged from rural and semi-urban areas. Entrepreneurship is no longer limited to males; there are shining examples of women-entrepreneur promoted enterprises in manufacturing, service and business segments in different parts of the North East. An entrepreneurial environment has been created all over the region, providing a conducive climate for the growth of micro, small and medium enterprises, with greater degree of preparedness to face competition within the country and globally. This process will lead to inclusive growth in terms of development of the least developed parts of the States covered in the region, and also vulnerable categories of prospective entrepreneurs in a larger measure.

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# **BAMBOO TECHNOLOGY PARK**

## **Bamboo Technology Park**

**Bamboo has been the perfect friend for the people of Assam supporting them from birth till death and providing them with house, food and medicines all along their life.**

**BAMBOO** is almost ubiquitous in nature. One of the oldest plants on Earth, bamboo has always been known as an enduring, versatile and renewable resource. There are almost 130 species of bamboo in India, spreading across 18 genera. These grow naturally at heights ranging from sea level to over 3,500 metres in varied habitats. In India, bamboo grows in almost 10 million hectares of forestland. In addition, substantial amounts are cultivated on homestead land, private plantations and groves. Sixty-six percent of the country's bamboo resources exist in the northeastern regions in terms of quantum and 28 per cent in terms of area.

Bamboo is an economic resource having immense potential for improving the quality of life of rural and urban communities with environment regeneration qualities like carbon sequestering.

Bamboo provides raw material for large industries like paper and pulp as well as for cottage and handicrafts industry.

Bamboo is of notable economic and cultural significance in NER, being used for, building materials, as a food source, and as a versatile raw product.

### **Characteristics of Bamboo**

The abundance of bamboo in many tropical countries, especially in Asia and its ability to grow readily and spontaneously has been the cause of neglect in developing this natural resource in the past. Its socio-economic importance for the rural population was realized as under:

- Bamboo is the fastest growing plant on this planet.
- A critical element in the balance of oxygen and carbon dioxide in the atmosphere.
- A viable replacement for wood.
- An enduring natural resource.
- Versatile plant with a short growth cycle.
- A critical element of the Indian economy.
- Essential structural material in earthquake architecture.
- A renewable resource for agro-forestry production.
- An ancient medicine.

- An integral part of our art and culture.
- Tool for erosion control.

Keeping in mind its versatility and its neglect in the past, BTP has conceived an idea for growth of Bamboo in a scientific way and make it into a viable economic alternative. Although a lot of seminars and workshops have been organized in the past but the concept of using bamboo as a viable economic alternative has not percolated to the grass root level.

**Bamboo Technology Park**, a section 25 company, is promoting a project for setting up common infrastructure and facilities for the benefit of bamboo-based industrial cluster at Chaygaon, near Guwahati, under Industrial Infrastructure Up-gradation Scheme (IIUS) launched by the department of Industrial Promotion and Policy (DIPP), Government of India.

The project is jointly promoted by Assam Industrial Development Corporation (AIDC) and a few private entrepreneurs.

This project the first of its kind in a PPP (Public Private Participation) mode in the bamboo sector and its success will lead to various other projects coming up in PPP mode.

The project aims at providing the entire infrastructure required for the globally competitive bamboo industry at the Bamboo Technology Park. The whole of northeast is endowed with abundant quantity of bamboo. However no serious effort has been made for value addition which will ultimately benefit the farmers. This project envisages a synergistic approach from plantation of bamboo to finished products thereby creating a direct link between the farmers and the purchasers.

**The Bamboo Technology Park will have the following facilities within the park for sustainable growth of the bamboo sector:**

1. Fully developed industrial plots for setting up of bamboo based industries.
2. A raw material bank.
3. A pre processing plant for treatment of bamboo.
4. Providing facility for Bamboo quality testing.
5. Setting up full-fledged IT infrastructure facility with CAD Design Center.
6. Setting up of Research & Development Center.
7. Setting up Training and Exhibition Center.
8. A top class Common Facility Centre with state of the art Machineries for Primary Processing of Bamboo and to supply the products as Raw-materials to the end-user industries within the Park and outside.
9. An International level Marketing Facility.

BTP will provide a common platform for Bamboo based industries and will also foster its growth by synergizing the efforts of individuals by forming a cluster. Bamboo brought in from various sources will be pre processed in BTP by cutting them into size and treating them with necessary chemicals for use by other industry also.

It will have full fledged testing laboratory for testing of both raw material and finished product.

It will have a state of the art CFC, where machines (both imported and indigenous) will be available for use by the industries within the park and outside.

In its endeavor to strengthen the marketing of Bamboo products, BTP will have a full fledged marketing centre **with** facilities for online trading and creating a virtual bamboo bazaar.

BTP will also have a full fledged IT and communication centre for use by the industrial units of the park.

Transportation of bamboo after cultivation is a bottleneck for the Bamboo industry. In order to solve this problem, Bamboo Technology Park proposes setting up of satellite units in bamboo growing areas for the cultivation and pre processing of bamboos. This will lead to value addition and reduction of cost in transportation.

Although bamboo grows abundantly in Assam but no steps have been taken for propagating its plantation in a scientific manner. BTP is planning to start its own plantation and also encourage the farmers of the neighboring area initially, to take up bamboo cultivation scientifically.

During visits to other countries it has been observed that the per hectare production of bamboo is much higher there compared to our yield. BTP has decided to import such samplings and start a pilot project to assess its suitability in Assam.

BTP has already acquired sixty bighas of land in Chaygaon, Kamrup. Necessary land development work has been completed and constructions of other civil structures are in progress. The project is expected to become operational by November 2013.

**by:**

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# **WHAT AILS MSMES IN NER**

## What ails MSMEs in NER

MSMEs are generally called the Engine of growth. They not only create job opportunities at lower capital cost compared to other sectors but also require less capital investment and play a vital role for proper utilization of local resources and talent thereby resulting in balanced growth. As per statistics, the MSMEs contribute around 8% of the GDP and is responsible for at least 40% of the exports. As per Fourth All India Census of MSMEs in 2006-07, the total manufacturing enterprises are 28.56% of the total registered and unregistered enterprises while the service sector comprises 71.44%. However the salient feature is that 92.77% of these MSMEs are self funded or have not been able to raise finance from the Institutional or non institutional sources while only 5.18% have been able to raise finance from Institutional sources and 2.05% from non- institutional sources. Of the total working enterprises, the proportion of micro, small and medium enterprises was 95.05%, 4.74% and 0.21% respectively primarily due higher investment limits as per MSED Act 2006.

The scenario in NER is not only discouraging but also presents a bleak picture. Of the total working enterprises, the share commanded by the NER are the following state-wise:

Sl No	State	Percentage
1	Sikkim	0.05%
2	Arunachal Pradesh	0.08%
3	Nagaland	0.10%
4	Manipur	0.25%
5	Mizoram	0.09%
6	Tripura	0.42%
7	Meghalaya	0.19%
8	Assam	2.31%

Even a state like Jammu & Kashmir (at 1% of the total) ranks higher than most of the NE states. Uttar Pradesh is the highest accounting for 11.93% of the total working MSMEs and Assam fares a little better than Himachal Pradesh (0.71%) and Uttarakhand (0.87%), Jharkhand(1.44%) or Chattisgarh (1.40%) .

In terms of employment in working MSMEs, the scenario is equally bleak as shown in table below:

SI No	State	Percentage
1	Sikkim	0.04%
2	Arunachal Pradesh	0.08%
3	Nagaland	0.12%
4	Manipur	0.20%
5	Mizoram	0.06%
6	Tripura	0.20%
7	Meghalaya	0.17%
8	Assam	2.08%

**State wise distribution of working MSME s are shown below**

SI No	State	Micro	Small	Medium	Total
1	Sikkim	110	14	0	124
2	Arunachal Pradesh	431	18	2	451
3	Nagaland	1297	33	1	1331
4	Manipur	4497	13	1	4511
5	Mizoram	3661	52	1	3714
6	Tripura	1212	36	1	1253
7	Meghalaya	3024	38	1	3063
8	Assam	18175	482	14	18671

In total Micro comprises of 2.18%, small 0.93% and medium 0.77% of the total of working MSME s on India.

The story of NER has always been a case of plenty in contrast to scarcity. The region boasts of a number of resources in mineral, agri, horticulture, forest etc. For that matter Assam boasts of two of the oldest industries in tea and oil. However, after

independence, due to cut-off the region from the mainland, industrialization took a back seat. Coupled with that was the internal strife in the region which lead to creation of a number of states. Even many of the states are fighting for so –called autonomy from India which has made investment climate unattractive in the region. Some of the main constraints faced by the MSMEs in the region are

- Lack of infrastructure
- Lack of entrepreneurship
- Lack of finance

The key factor for states which have been successful in attracting investments are state of art infrastructure and congenial environment for industries. Unfortunately, in the NER, one cannot see such a situation. One of the major problems has been lack of developed land, industrial area / shed for new industries to come up. The existing industrial estates / area are in deplorable conditions and remain un-used or un- attended for years together. It is not only difficult but rather impossible for new entrepreneurs to get industrial shed. The second major constraint is power which is hampering growth of MSMEs. Although power is a potential area for NER, the region is still power deficient. If MSMEs have to developed in the region, there is need for power scenario to improve drastically.

The people of NE are more job–oriented than industry-oriented. Infact there is tremendous lack of awareness on various avenues of entrepreneurship in the region. The various Government schemes to facilitate the entrepreneurs in many areas remain unfriendly. Only a miniscule number of entrepreneurs come forward to avail these schemes. The Govt. has not made any effort to streamline the schemes to make them friendly.

Finance is still a major constraint for MSMEs in the region. Unlike in other parts of the country, there are no dedicated branches of commercial banks for MSME funding in NER. Funding of MSMEs is still considered to be risky. However, investing in multiple sectors and enterprises with smaller amounts should be construed as less risky than investing in one large company (the recent case of Kingfisher Airways is one but many such examples.)Banks must be more forthcoming in extending credit to smaller companies. The current level of involvement is too small as confirmed by Census Data.

## **CONCLUSIONS:**

It has to be admitted that liberalization is here to stay which says survival of the fittest. If the entrepreneurs want to survive, they will have to prove themselves fittest for which

hardwork, efficiency, quality and to face competition are essential ingredients. The following few points may be kept in mind for a future road map.

MSME entrepreneurs in the region will have to use the latest technology for improving the quality of products which will be acceptable not only in the domestic but also in the International market. This adds special significance in view of the fact that region shares 98% of its boundary with foreign countries and its prominent place in Look East Policy of Government of India. Besides labour productivity has to improve to reduce cost of production which will help entrepreneurs to fix competitive price for their products.

The use of Information & Communication Technology (ICT) needs to be expedited. This will not only help to source technology and streamline operations but also expand market through e-commerce.

Creation of skill development centres, apprenticeship courses and facilities to strengthen the workforce.

Owners and workforce training programmes are needed in areas of leadership, marketing, branding, IT, accounting & reporting system, taxation & laws to help firms operate in an organized manner.

Last but not the least, there needs a change of attitude of bureaucracy towards entrepreneurs. Instead of regulators, the bureaucracy should be more facilitators. This should earmark NER to a new era of MSME friendly environment.

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**WHY SUPPLY CHAIN  
MANAGEMENT  
IS IMPORTANT FOR SMEs**

## **“Why Supply Chain Management is important for SMEs”**

One fine morning you get up to find out that your daily bread's price has gone up by 15% and the Kinnaur apples that you savor costs 20% more, you may be wondering what has gone wrong even while the price of ingredients used in bread remain steady. Is it the bread manufacturer or the apple grower who are playing spoilsport? Here the role of supply chain management comes. Something must have gone wrong down the supply chain line. Manufacturing or production, labor, traders, packaging, transportation, competition are some the factors which have driven up the costs.

Despite extensive initiatives taken in the area of Supply Chain Management (SCM) throughout the world, SCM practices have not yet been very well-adopted especially in developing countries like India.

In order to set their house in order and to improvise their working, SMEs in India are often found to struggle with constraints like finance, infrastructure, human resources etc. The problem looms large especially when they deal with large organizations' staff trained and responsible to keep their SCM in place. The mismatch becomes apparent as a result of localized, narrow and unprofessional approach on the part of the stakeholders woven in supply chain.

Supply Chain Management, SCM as it is popularly known, is of considerable interest in recent years for manufacturing and services sector of our economy. A good supply chain management helps organizations in securing high quality input materials and purchased goods at competitive prices. It also allows organizations to respond to customer orders faster. Often, organizations have benefited from reduced costs throughout the supply chain.

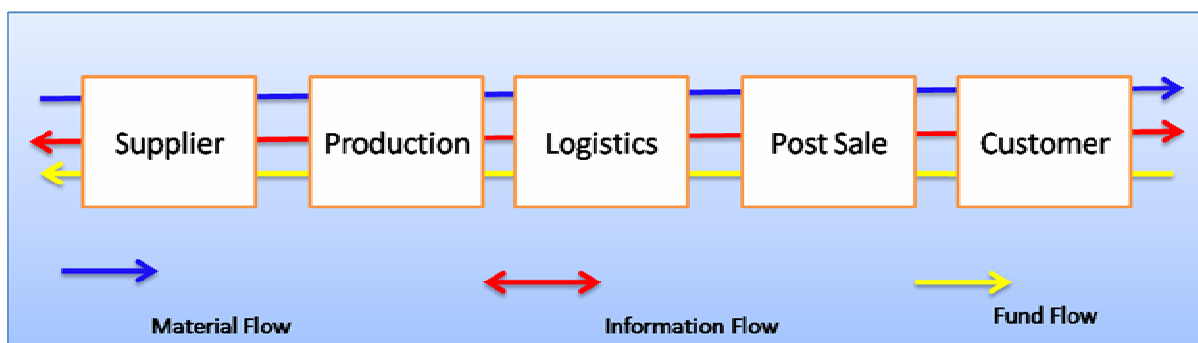
### **Supply Chain Management - Imperative for SMEs**

Unfortunately in India, manufacturers, particularly small and medium enterprises (SMEs) are faced by hurdles of inefficiencies - both external and internal - and can be addressed with the help of technology. In India, experience of SMEs in supply chain management is generally lacking. Many SMEs often find themselves caught between customers' mounting demands and the company's need for growth and profitability.

Thus, SMEs need to develop the tools, techniques and training products that help companies to adapt and achieve viability. They need to focus on linkages by which SMEs can integrate themselves in the supply chains of large enterprises. SMEs must use technology-based tools in such a manner that they become the technology sources for larger companies.

Every organization has three types of flows, the material flow, the information flow and the fund flow. While the material flows from the back end (supplier) of the supply chain to the front end (customer), money flows in the reverse direction. The information flows on both directions. SCM involves developing a set of management practices that will ensure that these three flows are smooth. Faster material flow will greatly improve responsiveness to customer requirements and will in turn ensure faster money flow back into the supply chain. However, the information flow is the crucial determinant of the other two flows in a supply chain. Collaborative planning and information sharing practices will streamline the information flow in the supply chain. A good supply chain management will provide superior value to the ultimate customer.

### A Typical Supply Chain



### SCM is important for small and medium enterprises (SMEs) for several reasons:

#### **Low cost technological solutions exist for streamlining information flow**

SMEs can greatly exploit the web technology to streamline the information flow. In the pre-internet era, sharing information and business specific documents between supply chain partners was a very expensive proposition. The alternatives available were EDI and private communication networks. These were beyond the reach of SMEs. Due to high cost of communication, SMEs chose rather not to communicate and live with a multitude of problems associated with this. Planning disruptions, delayed delivery, missed opportunities to do more business are a few to mention. However, today, with desktop computers, internet connectivity and an internet browser, SMEs can hope to set up cost effective communication networks with their supply chain partners.

#### **Shifts in product cost structure**

In the past ten years, the proportion of purchases to the total cost of goods manufactured in Indian organisations has significantly increased. Currently, on an average this proportion is more than 65%. This indicates the increasing willingness of

much organization's to resort to outsourcing instead of manufacturing in-house. This is a huge opportunity for SMEs. Good SCM practices will make SMEs more attractive to such initiatives of the buying organizations.

### **Increased reach through the net**

SMEs have traditionally suffered from their inability to reach a wider set of customers. Increasing the reach typically involves additional expenditure due to more manpower and better skill requirements. Geographical limitations and high costs of communication prevented many organizations from tapping a wider market. Internet based E-Commerce is a boon for SMEs. Due to the ubiquitous nature of the net, SMEs are able to reach a wider audience without significant increase in cost. Internet has also dramatically reduced the search costs. For instances, at the click of a few mouse strokes, it is possible today to get a complete list of manufacturers of a specific component. In some cases, it is further possible to establish immediate contact and engage in additional business transactions. B2B portals, exchanges and new market makers have enabled SMEs to reach virtually unlimited market. Consequently, there is a level playing ground. SMEs having good SCM practices will be in a better position to tap the potentially large market unfolded by the net.

### **Conclusion:**

SMEs need to understand that it is not about using the highest technology or the most sophisticated techniques alone. They need to concentrate on the fundamental principles of being a good supplier or distributor, and on assessing the technology requirements for improvement in processes and management practices.

The need of the hour is that SMEs effectively and efficiently leverage SCM for greater productivity, greater competitiveness, and ultimately for better customer satisfaction within their domain markets.

**by:**

**Mr. Vineet Agarwal**  
Joint Managing Director  
Transport Corporation of India Ltd

## **Pradyut Bordoloi**

Minister, Industries & Commerce Power (Electricity)  
& Public Enterprises, Government of Assam



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- Social Activities : (i) Elected General Secretary, the Cotton College Students' Union, Guwahati in 1977-78  
1. Elected General Secretary of the Society for Reconstruction and Perspective Development of Guwahati (an NGO) in 1992-93
  - Association with the Congress : (i) President NSUI Assam from 1978-1979 the Indian National  
(ii) Official Spokesman, Assam Pradesh Congress Committee (APCC) from 1996-2001
  - Public Life : (i) Elected First Time as MLA from Margherita Legislative Assembly Constituency in 1998 bye Election. Served as opposition MLA in the Assembly.  
(ii) Elected Second Time as MLA from Margherita Legislative Assembly Constituency with a record margin in the year 2001.  
(iii) Joined the Ministry on 18-5-2001 as Minister of State for Home, Industry, Finance Information and Public Relations and Science Technology & Environment.  
(iv) Promoted as Minister of State (Independent Charge) for Environment & Forests on 7-6-2002 and Power on 1-9-2004.  
(v) Elected Third Time as MLA from Margherita Legislative Assembly Constituency in the year 2006.  
(vi) Joined the Ministry on 19-5-2006 as Cabinet Minister for Power, Industries & Commerce, Public Enterprises.  
(vii) Elected Fourth Time as MLA from Margherita Legislative Assembly Constituency in the year 2011.  
(viii) Joined the Ministry on 27-5-2011 as Minister for Power, Industries & Commerce, Public Enterprises.
  - Educational Qualification : M. A. - School of Social Sciences, JNU, New Delhi  
M. Phil - School of International Studies, JNU, New Delhi  
PGDM (M) - Indian Institute of Marketing Management, New Delhi
  - Special Interest : Wildlife-Ecology, Conservation & Participatory Forest Management

**Ajay Shirodkar**  
General Manager  
Kirloskar Brothers Limited



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Mr. Ajay Shirodkar is heading the solar pump and allied business section of Kirloskar Brothers Limited, India's largest manufacturer and exporter of centrifugal pumps from India. Development of Kirloskar Solar pump was started by his initiative 4 years back, and as on date they have developed indigenous technology for running off the shelf induction motor pumps by Solar PV power from ratings of 0.5 HP to 100 HP. The Solar Power Conditioning Unit developed has patent pending and is regd under trademark of Jalverter.

Mr. Shirodkar is technology man having done his graduation from IIT Bombay in 1990. He has always made his contributions in the new product and technology departments of the organizations that he worked for from sugar industry tailored pump package to hydro turbines to engg. Thermoplastic pumps to hydro-pneumatic booster sets to pressed stainless steel pumps to solar pumping systems.

He had also headed the Corporate Strategy, M&A and Corporate Communication Function in Kirloskar from 2003 to 2008, when KBL's long range plan 2004-2008 was articulated under his facilitatorship and direction in association with the CMD. Inspirational vision of moving from 48<sup>th</sup> ranked company in world pump industry to 15<sup>th</sup> rank was realized, while he was heading corporate strategy.

However, being a technocrat at heart from IIT, his grave attraction for involvement in developing something new and innovative, made him take up the present assignment in solar pump, which he is currently leading with passion. When no one was ready to take solar pump business charge for the fear of failure, he decided to lead single handedly and just last month the management has expanded his team from 3 to 13.

**Ashok Madhukar**

Principal Advisor Strategic Development,  
Afro-Asian Development Consortium



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Mr. Ashok Madhukar is a Mechanical Engineer from India Institute of Technology Kharagpur with a Post Graduate Diploma in Industrial Management from the Delhi School of Economics, University of Delhi. He is also a Fellow of the Institutions of Engineers, India

He has over 4 decades of varied experience in organizational development, project development and management including technology development and transfers. He has also created enterprises as founder and supported joint ventures in sectors as diverse as projects, software, engineering, contracting and mass manufacture including marketing networks.

With over 30 years of multi sectoral experience in the Private Sector, he was also for nearly 10 years with the Social Fund for Development (SFD), Government of Egypt as their Program Advisor. SFD, an initiative of the World Bank and UNDP, is the largest multi sectoral initiative in the world to deal with the issues of employment and poverty alleviation.

SFD's experience, in the integrated development of SMEs in a transition economy as the principal vehicle for employment generation, is unique and globally recognized as a role model. He has extensively contributed to the development of the SME policy, infrastructure, institutions, finance, enterprise and entrepreneurship development in Egypt.

Principal Advisor, Strategic Development, Afro-Asian Development Consortium and assisting in restructuring and change management various enterprises and institutions besides assisting Governments in the critical need of competitiveness, employment generation and poverty alleviation strategies.

Member of various national and international committees supporting partnerships and cooperation between Government, Institutions and Enterprises. His special area of expertise is the integrated socio-economic development of African and the Arab Countries as well as in India.

Advisor to the Confederation of Indian Industry (CII) and established the India-Africa Project Partnership Conclaves from 2004-2006. The Conclaves have created partnership opportunities for over 40 billion US Dollars and are now the principal vehicle for India's cooperation in Africa.

Principal Advisor, Indo-Arab Economic Forum, Federation of the Indian Chambers of Commerce and Industry ( FICCI ), India from 2006-2009.

Collaborator for the Government of Mozambique for Local Area and Rural Development and Trade and Investment Representative for the Government of Ghana

Advisor to INTACH for developing the Tourism Development Master Plans for Meghalaya and Arunachal Pradesh during 2009-2010 under Ministry of Tourism, Government of India

President of the Technology Alumni Association- North of the Indian Institute of Technology, Kharagpur and a member of the IIT Foundation of IIT Kharagpur

Chair of the Program Committee of the PanIIT Conclave 2010 of the PanIIT and a member of the PanIIT Executive Committee

Advisor to Infrastructure Development Finance Company Limited , Project Management Consultants to the Department of AYUSH, Ministry of Health, Government of India for the development of AYUSH Clusters in 6 states of India

Principal Advisor to the IDFC Foundation / the Government of Meghalaya for the Integrated Basin Development and Livelihood Improvement Program (IBDLIP)

**C. K. Mishra**  
Joint Secretary  
(MSME)



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Shri Chandra Kishore Mishra is currently the Joint Secretary in the Ministry of Micro, Small and Medium Enterprises, Government of India, New Delhi.

Shri C. K. Mishra had joined the Indian Administrative Service in the year 1983 and was allocated to the State of Bihar. He had most recently served as the Principal Secretary, Government of Bihar, holding portfolios of different departments such as Industry, Health and Power. Earlier he had also served as Resident Commissioner, Government of Bihar, and had also held positions as Director General in Public Relations Department; as Director in various departments namely Handloom, Secondary Education, Industry as well as several field level postings as Sub-Divisional Magistrate/ Divisional Magistrate in various parts of the State of Bihar.

During his earlier stint in the Government of India, he had held positions as Additional Development Commissioner (Handlooms), in the Ministry of Textiles; Director, Cabinet Secretariat and as Private Secretary to the Minister of Defence, Ministry of Defence, New Delhi, before moving in the Ministry of MSME.

Born in Patna, Shri C.K. Mishra received his Bachelor's Degree in History (Hons) from St. Stephens College, Delhi University. He also possesses a Diploma in Media Law from NALSAR, Hyderabad.

Has always had a keen interest in Theatre, contemporary Indian music and folk form of music.

**DD Mali**

Former Director  
Indian Institute of Entrepreneurship, Guwahati



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Dr. D. D. Mali is the founder Director of the Indian Institute of Entrepreneurship (IIE), Guwahati (Assam). Before joining IIE, he was working as Director, SIET Institute/ NISIET North East (NE) Regional Centre at Guwahati. He started his career as a teacher in Economics in 1964, and migrated from teaching to training in 1979 while joining the SIET Institute, Guwahati. He has more than four decades of teaching and training experience. He worked as a consultant in IFC - South Asia Enterprise Development (SEDF) during August 2006 - June 2008.

He has written and edited a number of books on micro, small and medium enterprises, entrepreneurship development, and economics. He is also a recognised Ph.D. research guide in Economics and Management of Gauhati University and a number of scholars have been awarded Ph.D. under his guidance.

**Digen Barua**

President

Guwahati Management Association (GMA)



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Sri D.N. Barua is the first Chemical Engineer of North east and started his career with Govt. of India in the first post-independence Central Public Sector Fertilizer Factory – Asia's largest at that time on 1950. After completion of the project, he joined undivided Govt. of Assam at Shillong as Industrial Chemist of the newly created major Industries Department in 1959.

On request from Govt. of India he rejoined Govt. of India on 1962 and completed the Namrup Fertilizer Factory at Namrup, Assam.

Joined Govt of Assam as Managing Director of Assam Industrial Development Corporation in 1972 as desired by Govt. of Assam During his tenure as Managing director of AIDC he set up the Assam Petrochemicals Ltd. the first petrochemical Plant in state sector and many state sector industries Cachar Sugar Mill, Chandrapur Superphosphate & Sulphuric Acid Plant, Assam Conductors Ltd. and the first granulated fertilizer plant near Guwahati the Fertichem.

**Post Retirement**

His post retirement period is exemplary since he set up a match factory of his own in partnership with a local entrepreneur. He was the Chief promoter in setting up Guwahati Stock Exchange for development of capital market in North East. He was instrumental in giving birth to NEDFI only financial institution with a development role in India that time. Advisor to IDBI for N.E. Region.

He was invited by Government of U.K. as their guest to study and explore feasibility of setting up industries in Eastern India with U.K. Technology.

He was founder President of Indian Institute of Chemical Engineer (North East Chapter) and Director of Several Private Sector Industries.

Presently he is a Senior Director of Assam Petrochemicals Ltd. (Govt. of Assam) and President of Guwahati Management Association.

Sri Barua at this age is still associated with many social organizations and as active as used to be and his passion is creating assets – development of employment and sustaining these as a really successful Chemical Engineer of North East.

**FarooqueShahab**

General Manager (Network-ii)  
State Bank of India (North-East Circle), Guwahati



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Mr. Farooque Shahab is a General Manager with State Bank of India, North-East Circle for about a year. He is primarily responsible for the business and oversight function of SBI's operations in the 5 of 7 N. E. States, that is, MANIPUR, Meghalaya, Mizoram, Nagaland and Tripura and part of Assam. Mr. Shahab started his banking career in State Bank of India as Probationary Officer, in 1983. In a career spanning three decades, he headed several branches, ranging from medium sized to very large branches, in different population group-rural, semi urban, urban, etc. He has also worked at SBI's Corporate Centre, Mumbai, where he as AGM (Credit), at International Banking Group, was looking after SBI's credit portfolio in the Middle East & Europe. He was Regional Head & Chief Executive Officer, Middle East, and West Asia & Northern Africa in Bahrain, where he was responsible for a USD 3 billion balance sheet. During his tenure, he established several new franchises of SBI in Middle East. Prior to this assignment, he also worked as General Manager in Hyderabad Circle.

## **Gautam Barua**

Director  
IIT Guwahati



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Gautam Barua is the Director of Indian Institute of Technology Guwahati, India since March 2003. He graduated from IIT Bombay with B.Tech (1976) and M.Tech (1978) degrees in Electrical Engineering. He obtained a PhD degree in Computer Science from the University of California, Santa Barbara, USA in 1981.

His areas of interest are Operating Systems and Networks. He is an independent Director of IOCL. He is an IT consultant to the Govt. of Assam and a number of public enterprises. Dr. Gautam Barua is Consultant in computer hardware procurement (desktops, servers, network elements, printers, scanners, UPS systems, etc.), computer network planning and acquisition; Data Centre Selection, Disaster Recovery, and Private Cloud planning and implementation; Computerisation of Organisations including: ERP implementations, Document Management Systems, Security planning, Security and IT audit, Portals, ; E-governance Systems; Consultant to State Governments, PSUs, and Govt. Organisations. Experience working in the power sector, in the insurance sector, and in State Government Finance sector (treasury, tax, registration, budgeting, debt management, HR).

Linux Kernel internals, database clustering, storage area networks, Virtualization.

Dr. Barua is also member of various boards and Committees namely:-

Member Board of Governors, RG-IIM Shillong, 2008-

Member, All India Council of Technical Education (AICTE), 2008-

Member High Level Committee, and Technical Advisory Committee, National Knowledge Network (NKN), Govt. of India, 2010-

Member, State Steering Committee, Indian Institute of Information Technology, Guwahati, 2012-

Member, Board of Governors, NIT Meghalaya, 2008-

Independent Director, Brahmaputra Cracker and Polymer Ltd (BCPL), 2012

Independent Director, Oil India Limited (OIL), 2012

Member, Governing Council, Insurance Information Bureau of India (IIB), 2012

**Hemang B. Patel**  
Vice Chairman  
Omni Lens Pvt. Ltd.



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Mr. Hemang Bhanuprasad Patel is Vice Chairman of OMNI LENS PVT. LTD. He has done his MBA (Finance) from the University of Scranton, Pennsylvania, USA.

He has been associated with OMNI LENS since its inception. OMNI LENS PVT LTD is a leading manufacturer and exporter of Intra Ocular Lenses which are used by Eye Surgeons during the Cataract Surgery for implantation in the Human Eye to correct the vision.

In these years, he has taken many steps to develop many new products by using modern machineries and applying latest technology.

Mr. Hemang Patel has identified sources from abroad from whom he could import the critical components to assemble the CNC Machines at our Factory. This will enable Omni to obtain CNC Machines at one third of the cost of imported one. Thus expansion of the Omni factory has been done at much lower cost resulting in to saving foreign money.

Under his leadership a wide spread marketing net work has been set up of Sales Representatives, Dealers, Distributors and Agents in India and Abroad which has enabled Omni to develop well established business relations with Doctors, Surgeons, Eye Clinics, Hospitals, Institutions, NGOs, Charitable Trusts and Medical Fraternity which has not only resulted in getting repeat orders but helped Omni to grow fast.

He has also given top most priority to get registered Omni products in most of the countries which usually takes one to three years. He has finally established good marketing net work by registering all Omni Products, in more than 60 countries. This familiarity with registration protocol makes Omni more optimistic for achieving 20-25% growth every year.

Due to his marketing skill and involvement in finance matters, today OMNI holds status of Government recognized Export House and also achieved highest financial Rating as NSIC-CRISIL SE 1A given by the CRISIL rating Agency. He also believe in manufacturing and marketing quality products which was confirmed by Govt of India and adjudged by issuing National Awards for manufacturing of excellent quality products.

Today as Vice Chairman, he looks after the day to day management of OMNI LENS with regular visits to Factory and the Registered Office. He also attends regularly all the important International Ophthalmic Conferences to know the market and also to acquaint himself with the latest market development, availability of new raw materials and method of using latest Technology, for enhancing Omni marketing and manufacturing skills to capture good market share of Omni products.

## **Hiteswar Baruah**

Founder

North East Medical Care and Research



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Dr. Hiteswar Baruah is a very familiar name in the healthcare and cultural fields of North East. Born in a small town near Guwahati, Assam, he recollects his young days where he stayed and grew up with his parents and his brothers and sisters. Having a desire to serve the needy people, he wanted to be a physician and joined Gauhati Medical College, Guwahati, to pursue Medical Science, after his secondary school. After completing his bachelors' degree, he joined the same college as a Demonstrator in the Department of Physiology and subsequently, he completed his masters in the same subject. The seed to establish NEMCARE Hospital seeped when he saw the sufferings of patients due to their inability to afford the cost of treatments for their ailments. Thus was born the idea of establishing a healthcare institute which could render quality services to all sections of the society at an affordable cost. After serving for 10 years as a teacher in his subject, Dr. Barua opted for VRS and resigned from the college as an Associate Professor and started the institute as a small Nursing Home to deliver medical care to the people, with special provisions for the poor. He joined as the CEO of the hospital and the Managing Director of the company "North East Medical Care and Research Institute Pvt. Ltd". Due to his vision and untiring efforts, the hospital grew at a fast pace and was upgraded into a 100 bedded hospital.

Apart from being a challenge-loving person, he is also an accomplished musician. A playback singer and lyricist, Dr. Baruah has also directed music for few Assamese movies and was awarded the "Best Music Director" on three occasions.

Dr. Baruah also has a dream to bring the best in class healthcare to the people of North East and the neighbouring states. He has taken an ambitious project of establishing a 200 bedded Super Specialty hospital at Guwahati and the process is on, under his able leadership. When asked about what keeps him happy and motivated, he always says "At the end of the day when I see my patients smiling, and I know that I have done something for the society especially for the poor, and when I know that I have given my best, it inspires me a lot and that is what keeps me going."

**HP Kumar**

Chairman, All India Management Association, SME Committee,  
Chairman and Managing Director  
National Small Industries Corporation Ltd (NSIC)



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Dr. H. P. Kumar is the Chairman-cum-Managing Director of National Small Industries Corporation, a Public Sector (parastatal) organization of Government of India. Dr. Kumar, besides holding Masters in Commerce, is a professional Banker and a qualified Cost & Management Accountant (F.I.C.W.A.). Dr. H. P. Kumar has around 34 years of experience in various areas of Banking, Finance and Management. Having started his career as a Banker, he has held senior positions of corporate head of finance & C.E.O. in public sector companies of Government of India. He also served the Ministry of Finance and Development Planning of Government of Botswana for a period of five years. Dr. Kumar has long experience of dealing with promotion, development and financing of micro, small & medium enterprises and has been appointed as a member of “National Small Business Advisory Council of South Africa” by the Government of South Africa.

Dr. Kumar, has to his credit, a large number of articles on issues relating to Micro, Small & Medium enterprise development and has been a visiting faculty for Damelin School of Banking, South Africa and Botswana Institute of Bankers. He is a member of various professional management bodies in India & abroad and is on the Governing Councils of National Institute for Micro, Small and Medium Enterprises (NIMSME), Hyderabad, National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida & Indian Institute of Entrepreneurship (IIE), Guwahati.

**J S Juneja**  
Chairman  
Task Force MSME



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Dr. J.S. Juneja has a unique experience of over three decades both in the public and private sector managements covering most of the segments of industrial and business development. An MBA from the University of Oregon, USA, Dr. Juneja was conferred Doctoral Degree by the University of Bombay in Applied Economics (1989). He is an international and national consultant, author and has been a **Visiting Professor to the University of Rhode Island, USA and Indian Institute of Technology, New Delhi**. He has also been External Examiner for Doctoral students for the Osmania University, Hyderabad and Indian Institute of Mines, Dhanbad. He has extensive experience in the pharmaceutical industry at the Board level as well as for promotion and marketing of its product.

Dr. J.S Juneja is the Chairman of the Global Projects & Services (P) Ltd. since November 1995 and has been promoting investments to a number of countries particularly in Asia and Africa facilitating FDIs, joint ventures and technology transfer. He has been representing Mauritius Export Development and Investment Authority (**MEDIA**), Government of Mauritius and Botswana Export Development and Investment Authority (**BEDIA**), Government of Botswana for investment and joint ventures. He has provided management consultancy to the Governments of Egypt, Syria, UAE (Dubai), Mauritius, Botswana, Kenya, Swaziland, United Nations, UNDP, UNIDO, Commonwealth Secretariat, Food and Agriculture Organisation of the United Nations (FAO), ESCAP, ECA and many other countries apart from several institutions in India and abroad. He has traveled extensively.

Dr. Juneja has been the Chairman and CEO of India's apex SME development organization – The National Small Industries Corporation (**NSIC**) – A Governemnt of India Enterprise. He has been the Past President of All India Management Association (**AIMA**) - an Apex Indian organisation in Professional Management and is its **life fellow**. He is presently Chairman, SME Task Force of AIMA, Chairman, SME Committee of PHD Chamber of Commerce and Industry and Vice President to World Union of Small and Medium Enterprises (**WUSME**), Member Expert Committee of Central Vigilance Commission (**CVC**), **Task Force of**

**Department of Public Enterprises, Government of India and Independent External Monitor of NMDC, Hyderabad (National Mineral Development Corporation Ltd - A Government of India Enterprise) nominated by CVC and International Transparency India to oversee Integrity Pact.** He has been the **Vice Chairman** of **SCOPE** (Standing Conference for Public Enterprises). Earlier he worked with the Indian Petrochemical Corporation Ltd. (IPCL) for Marketing and Application Development of its products.

Dr. Juneja has shared his experience and expertise for framing SME policy and facilitated many countries in developing programs and building or restructuring SME support institutions. He has assisted in setting up more than 300 small manufacturing enterprises in Asia and Africa. He completed the study on 'SMEs in Asian Region: Harnessing the Growth Potential' for AAMO (Asian Association of Management Organizations) and just completed 'Policy Guidebook for SME Development in Asia and the Pacific' for the United Nations ESCAP (Economic and Social Commission for Asia and the Pacific and the same is under final editing and publication. He also set up Software Technology Park in Delhi housing over 40 budding entrepreneurs in IT & IT related services, which was inaugural by Dr. K R Narayanan, the then Vice President of India. Many of them have graduated and created thousands of jobs both for men & women.

We have organised several trade fairs and exhibitions worldwide and facilitated one to one meetings of buyers and sellers of projects, products, services and technologies. He is the originator of the concept of **TECHMART INDIA** bringing the seekers & suppliers of technology on a common platform to facilitate technology transfer, joint ventures & collaborations which has become a prestigious annual event.

Dr. Juneja is an Independent Director on the Boards of Elder Pharmaceuticals Ltd., Elder Health Care Ltd. and Eastman Cast & Forge Ltd. He has served as a Director on the Boards of a number of public and private sector companies, as follows:

- State Bank of Patiala,
- Global Trust Bank ,
- Citizens Cooperative Bank Ltd,
- Indian Petrochemicals Corporation Ltd. (IPCL),
- National Research Development Corporation Ltd (NRDC),
- Singer India Ltd

- India Trade Promotion Organization Ltd (ITPO), Government of India-an apex Trade Fair Authority
- UP Small Industries Corporation Ltd.
- Punjab State Small Industries & Export Corporation Ltd.
- Tamil Nadu Small Industries Corporation Ltd. and
- Nominee Director on several companies under BIFR, Government of India

Dr. Juneja has served on the Governing Councils and Boards of:

- Council of Scientific and Industrial Research (**CSIR**), having 40 National Laboratories,
- Indian Institute of Management (**IIM**), Kolkata,
- Indian Institute of Management (**IIM**), Calicut,
- National Small Industry Extension Training Institute (**NSIET**) Hyderabad (also served as its Vice Chairman)
- National Institute of Entrepreneurship & Small Business Development (**NIESBD**) Founder Executive Director, Ministry of Industry, Government of India New Delhi and
- India Institute of Entrepreneurship, (**IIE**) Guwahati.

Dr. Juneja was conferred the coveted International Legion of Honour Award for 1993-95 by WASME at Cairo and has been the recipient of 1992, IMM Top Professional Manager of Year Gold Award, Shiromani Award (1987), Udyog Rattan Award (1986) and several other awards.

Dr. Juneja has researched and written extensively just completed study on **Policy Guidebook for SME Development in Asia and the Pacific Region** for ESCAP.

**Jayanta Madhab**

Advisor

Chief Minister of Assam



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Dr. Jayanta Madhab is an economist who served as an advisor to the Chief Minister of Assam, India, from 2003 to early 2009. During his time in Government, he advised the Chief Minister on economic and financial affairs before taking up the mandate of employment generation in Assam in the Chief Minister's second term. He has worked for the Asian Development Bank, as well as the North Eastern Development Finance Corporation (NEFDI). He holds a Ph. D. from the London School of Economics.

**J. K. Mahanta**

Zonal General Manager  
(Special Grade), NSIC Ltd



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**Shri Jayanta Kumar Mahanta** is holding the post of General Manager (Special Grade) and discharging the charge of Zonal General Manager of NSIC East Zone at Kolkata & North East Zone at Guwahati.

***Early work background :***

Started his carrier as Graduate Engineer Trainee in NSIC Limited at New Delhi in the year 1986. Subsequently he joined as Deputy Director (Technology) in NSIC Limited at Aligarh (UP) in 1988, where looked after the entire machine shop, industrial trainings, common facility services and cluster development.

Afterwards, he was transferred to NSIC Limited, Guwahati in 1990 and taken over the entire charge of the Centre. During posting at NSIC Technical Centre at Guwahati, he was responsible for organizing and conducting of different training activities like machine shop training, leather article manufacturing, entrepreneurship development programmes, study tour cum exposure programmes and energy audit etc.

In addition, he was the head of commercial activities (equipment financing under Hire Purchase, Term Loan and Composite Term Loan), Raw Material Assistance, Bill Discounting, Recovery etc. since 1998 to 2001 at NSIC Regional Office, Guwahati in addition to training activities.

Subsequently transferred to NSIC Branch Office, Jamshedpur (Jharkhand) and Branch Office Patna (Bihar) and discharged duties as Sr. Branch Manager and was responsible for project identification, finances, follow up of recovery, marketing and promotional activities in both the states.

Then joined as Regional Manager of NSIC Regional Office (North East), Guwahati in 2003 and promoted and posted as Zonal General Manager in 2007.

From 2008, taken over the charge of Zonal Office (East), Kolkata along with Zonal Office (North East), Guwahati, comprising of 12 states.

During this entire period, thousands of entrepreneurs are helped for setting up their own units / enterprises as well as assisted by NSIC through different schemes under active supervision across the states of both East & North East zones.

***Organizing/ participated exhibitions under Marketing Scheme outside the region/country:***

1. Participated in SMIDO FAIR at Mauritius from North East region
2. Organized and participated in TEHMART INDIA at par with India international Trade Fair at New Delhi from NE Region.
3. Participated in SPRING FAIR at Birmingham, UK with entrepreneurs from NE Region
4. International Guwahati Trade Fair since 10 years.
5. Participated in SAITEX-2012 at Johannesburg, South Africa.

***Following clusters have been identified :***

1. Bamboo Cluster of Assam
2. Kouna Cluster of Manipur
3. Broom Stick Cluster of Mizoram

***Training & Projects :***

1. Successfully commissioned 3 projects under Turn Key basis at Adis Ababa, Ethiopia.
2. Undergone 1 month training on Rural Industrialization conducted by NIRD at Guwahati
3. Undergone 1 week training on project appraisal conducted by NEISBUD at New Delhi
4. Undergone 1 month training program on small & medium enterprises management conducted by Linkopin University, Stockholm, Sweden.
5. Undergone 1 week training program on ISO conducted by TUV at New Delhi

**Keya Sengupta**

Director

Rajiv Gandhi Indian Institute of Management, Shillong



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Keya Sengupta is a Professor of Economics at the Rajiv Gandhi Indian Institute of Management, Shillong and the Dean, Research and the Chair of the Fellow Programme in Management of the Institute. She was the former Head of the Centre for Development of the North Eastern Region (CEDNER) of IIM, Shillong. Formerly the Dean, School of Social Sciences and Head of the Department of Economics at Assam Central University, Assam, Professor Sengupta has over thirty years of teaching experience and twenty five years of Research experience.

Professor Sengupta has completed major Projects sponsored by University Grants Commission, New Delhi, Indian Council of Social Science Research, New Delhi, UNDP and has also conducted studies on behalf of Thirteenth Finance Commission. She has also conducted studies on behalf of Planning Commission, New Delhi and CII, Guwahati. Good number of students have obtained their PhD degree under her supervision and some more are currently engaged in their research work under her supervision. She has to her credit about forty research papers in international and national journals as well as in books. She has published four books and has edited five books. Professor Sengupta, is an Associate of the Indian Institute of Advanced Study, Shimla and was recently selected for the Indo French Social Scientist Exchange Programme and visited Maison de la Hommes de Social Sciences, Paris for conducting research work. She has visited France, Holland, Belgium, Germany, Greece, England and Scotland in connection with various academic work. She has been awarded the Dewang Mehta Award for the best Teacher of Economics in B Schools in India for the year 2011.

Professor Sengupta has organized numerous Conferences, Workshops and Seminars, funded by different national and international organizations. Currently she is collaborating with the Ministry of DONER on behalf of IIM, Shillong for capacity building for the youth of North East India and organising several six months Courses at IIM. She is the expert member of UPSC, New Delhi, Indian Council of Social Science Research, New Delhi and different academic Institutions and Universities. She is also a member of the Reserve Bank of India, Mumbai constituted Committee for Review of IIBM. She was also the former member of Board of Governor of IIM, Shillong and was also the member of Executive Council and Finance Committee of Assam Central University.

**Nripendra Kumar Bharali**

Director

Human Resources and Business Development



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Shri Nripendra Kumar Bharali, a Post Graduate from Indian Institute of Management, (IIM), Ahmedabad, has taken over as Director (Human Resource & Business Development) of Oil India Limited on 14th September 2010. Shri Bharali, a Petroleum Engineer from Indian School of Mines (ISM), Dhanbad, has over two and half decades of experience in Exploration and Production Company. He started his professional journey as Senior Executive with Oil India Limited (OIL) in the year 1982.

Shri Bharali has worked successfully in different functional areas relating to Production of oil & gas, Strategic & Corporate planning, HRM & HRD and dealt with the unions and Associations effectively. He is ardent learner & corporate facilitator in the sphere of HR & Industrial relations. Shri Bharali has travelled extensively across the globe & led business delegations to UK, Venezuela, Europe, South East Asia, Gulf countries & Australia etc.

Shri Bharali has experience of leading many workforce initiatives & welfare measures & setting HR strategy to facilitate business growth through the change management initiatives. His manifold competencies and expertise include strong persuasive interpersonal & communication skill, excellent art of negotiation, resource deployment, career design, policy formulation; risk taking, quick decision making, corporate performance planning, goal setting & talent acquisition etc.

He was actively involved in mapping the competencies of key executives at managerial & leadership level while devising the first strategic and corporate plan of OIL in the year 2004.

While holding the present position, Shri Bharali is responsible for creating a leadership team at senior management level in line with the business needs and ever changing environment. He is also responsible for business development activities of OIL which involves scouting & acquisition of global E&P properties, pipeline business and E & P services.

Shri Bharali, an ardent golfer, was holding the position of GM (HR&BD) at corporate office prior to assuming the charge of Director (HR&BD).

**Olee Bora**

DGM, Micro Finance & Micro Small Enterprises  
North Eastern Development Finance Corporation Limited (NEDFI)



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Ms. Olee Bora is Deputy General Manager in North Eastern Development Finance Corporation Ltd. (NEDFi), Guwahati. Prior to joining NEDFi in 1996, she worked as Personnel Officer in Bongaigaon Refinery & Petrochemicals Ltd. (BRPL), currently IOCL and The Tata Energy Research Institute (TERI).

She graduated from Allahabad University and did her MBA from Gauhati University. She has Also done her PG Diploma in Training & Development from Indian Society for Training & Development (ISTD), New Delhi. Ms. Bora Currently heading the Micro Small Enterprises and Micro Finance Department of NEDFi and has been a resource person to a number NGOs and Institutes.

**P. K. Abdul Azis**

Former Vice-Chancellor  
Aligarh Muslim University (UP)



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Prof. Abdul Azis has 34 years of extremely active and productive career working in the Kerala Agricultural University as Assistant Professor, in the University of Kerala as UGC Research Associate, Lecturer, Reader and Professor and in the Research and Development Centre of the Saline Water Conversion Corporation, Kingdom of Saudi Arabia as Chairman and Vice-Chairman at the Department of Ecology and Marine Biology. Prof. Aziz was Vice-Chancellor of the Cochin University of Science and Technology during 2004-07 and the Aligarh Muslim University during 2007-2012.

As Vice-Chancellor of the **Cochin University of Science and Technology** during 2004-2007, Prof. Abdul Azis provided effective leadership in re-gaining the S&T focus of the University, and with the support of the Govt. of Kerala and the MHRD/UGC, got the proposal approved with budget outlay of Rs. 550 Cr. to upgrade CUSAT to the level of IIT during the XI Plan, with an estimated budget of Rs. 500 Crore. The-LDF Government then came later declined to accept the up-gradation proposal and Kerala lost a prestigious project in the higher education sector.

At the **Aligarh Muslim University** as its Vice Chancellor during 2007-2012, Prof. Aziz further demonstrated his talent as a dynamic and vibrant Administrator and Academic visionary with a mission.

Prof. Abdul Azis received the **Honorary Fellowship** of the **Indian Zoological Society** in 2006 and the **Society of Fisheries Technologist** (India) in 2005 for his outstanding contributions to Science. The International Conference on Bio-diversity Conservation - 2008 presented the **Prof. N.B. Nair Gold Medal and Citation** for his contribution in Environmental Science. He received the **Mother Teresa Lifetime Achievement & International Award** conferred by Mother Teresa International Award Committee, Kolkata on April 10, 2012. Prof. Aziz received the **18<sup>th</sup> Dewang Mehta Business School Award** on November 24, 2012 for his outstanding contribution to higher education in India. He also received the AMITY University's Academic Excellence Award.

**Ranjan Choudhury**

Principal- Program Development  
National Skill Development Corporation



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Prior to joining NSDC, Mr. Ranjan has been an entrepreneur and was with the Godfrey Philips group heading their vocational training initiative. He has considerable in depth experience in vocational training including setting up network through franchisee and Public Private Partnership modes.

In his current role in NSDC as Principal - Program Development, primary focus is to foster NSDC partnerships to set up large scale sustainable training projects with private sector to deliver the 150 million mandate by 2022. Additional responsibilities include promoting train the trainer projects, bilateral and multilateral agency engagement; special projects; international collaboration and being a taskforce member for the India EU Skills Development Project

A personal interest is in working for initiatives for skilling differently abled people.

Ranjan received his Masters Degree in Business Administration from Faculty of Management Studies, Delhi University and a Bachelors in Economics from St. Stephens College.

## **Ram Swaroop Joshi**

Chairman, Federation of Indian Industry,  
North East Region, (FINER)



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A man with a true vision is a rarity these days and even rarer to find someone who is passionate of achieving that vision. Mr. Ram Swaroop Joshi, popularly known as R.S Joshi is one person who has the nerve and fortitude to achieve all this and more.

Mr. R. S. Joshi was born in Fathehpur-Shekhawati, in Sikar District of Rajasthan on the 23<sup>rd</sup> of August 1956. Born in a respected Brahmin family, R.S Joshi grew up in an atmosphere of absolute serenity where everyone was expected to practice discipline of high order and follow the ethics and values enshrined by our scriptures.

The experience of growing up in a simple and spiritual atmosphere reflects upon the character of Mr. R.S Joshi today. This apart, R.S Joshi exhibits a unique blend of Compassion, Submissiveness, Spiritual and Charismatic character traits. Shri Joshi has dedicated his life to the cause of socio and economic development of the north eastern region.

A commerce graduate and a master's degree holder in Business Administration from Rajasthan University, Mr. Joshi joined the Buildworth Group of Companies at Guwahati in 1977 and with his sincerity and devotion towards his work, he managed the company's affairs in a most befitting manner and brought radical improvement in its ability to undertake execution of big projects and orders. Mr. Joshi's professional excellence and his capacity to excel paid off in a short span and he was inducted as a partner and a Director in the Buildworth Group of Companies. He continues to look after the company's affairs in terms of Business Management & Administration, Direct & Indirect Taxes, Company Law, Labour law, Banking and Finance & Capital Markets etc. with his Director colleague. Late Shri. R.N. Singh, chairman of the group has been his mentor.

A workaholic, Mr. R.S Joshi's devotion towards his work took him to escalating heights of success and achievements and today he holds many important positions and thus contributing to the development of the country and the northeast region in particular.

Mr. R.S Joshi today is at the helm of affairs as Chairman of an Apex Industry Association, ie, Federation of Industry Commerce of North Eastern Region (FINER) and also a Member, Prime Minister's High Level Task Force on MSME, Govt. of India.

Apart from these, Mr. R.S Joshi is part and parcel of various organization and bodies. He is the Executive President N.E Tax payer's Association, Former Chairman & Director of Guwahati Stock Exchange Ltd., Executive Member of Confederation of Indian Industries & FICCI, Member, Guwahati Management Association, Trustee / Member of various Public Charitable Trusts & Societies - Govt & Private both, Promoter Director, Interconnected Stock Exchange of India Ltd., Mumbai, Member, Lions Club International, Member , Assam Productivity Council, Member, Various empowered Committees of RBI, Central Govt. State Govts. Of NE region, Life member of Indian red Cross, ISKCON , Chinmaya mission and Membership of Govt. constituted Committees like -

- (i) Member, Regional Direct Taxes Advisory Committee , Income Tax Deptt., Govt. of India, Shillong / Guwahati, constituted by the Union Ministry of Finance.
- (ii) Member Regional Advisory Council, Central Excise and Customs
- (iii) Board member, Assam Institute of management
- (iv) Member, National Board, Ministry of MSME, Govt. of India
- (v) Member , Directorate of Employment & Craftsmen Training, Govt. of Assam.
- (vi) Member , Labour & Employment Deptt. Govt. of Assam
- (vii) Board member, Indian Institute of Entrepreneurship (IIE)
- (viii) Member, Assam State Investment Advisory Board.
- (ix) Member, State Level Committee, Higher Education Deptt. Govt. of Assam

Mr. Joshi has contributed number of articles on Economic issues on various reputed journals National & Regional Dailies, Prominent Speaker in various workshops / seminars, etc. and regular panelist on TV channels.

His wife Sushma is an active member of a reputed Ladies Club of the City and the couple is proud parents of a daughter Shalini and a son Saurabh, both of whom are Doctors.

## **Rupam Kumar Barthakur**

Proprietor  
Ankur Appliances



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Mr. Barthakur is a respected small scale entrepreneur of the region who sacrificed the luxuries of working in renowned public and private sector companies to start an enterprise on his own from scratch. He left coveted posts in Indian Airlines, Indian Oil Corporation and Castrol India Ltd. to make a mark in the world of entrepreneurship. In 1996, he set up Ankur Appliances, a registered small scale industry (SSI) unit manufacturing kitchen appliances and LPG pipelines (approved by IOC), on the premises of his Lamb Road residence. Since then, he has never looked back.

Besides carving a niche in the field of alternative energy, Ankur Appliances also has a meaningful vision- of being environment friendly and introduction of Green technology in this region. Installation of LPG pipelines in commercial and industrial sectors helps cut down pollution and saves energy and enhance quality. Besides, it also helps to check deforestation as firewood use becomes redundant to those units switching to LPG use. Today, the firm has a decent clientele ranging from commercial institutions, educational institutes in the State, Industries, Defence establishments etc. in North East. The company also ensures that adequate after sales service is provided that results in the satisfactory response from the clients.

In 1999, when the tea gardens were facing stiff competition from the tea imported to the country from Kenya, Sri Lanka, Ankur Appliances developed and eventually patented a novel project with LPG that proved to be a significant step forward for the firm for helping tea industries for producing quality tea. Today 23 Gardens of the North East is using his project successfully and making quality tea. Tocklai Tea Research Station, Jorhat also recognised his project as one of the quality enhancing project for tea manufacturing in 2007.

While doing business in this region the firm also did not neglect the social responsibilities. The company also indulged on another exclusive project of introducing LPG to cremate dead bodies at the Nabagraha crematorium in the city which was the first project in North East inaugurated by the honourable Chief Minister of Assam on 08/06/2012 at Nabagraha, Guwahati. Till now around 30 dead bodies has been cremated in this new system there by contributing significantly in arresting pollution created by the firewood while cremating dead bodies.

Further, in the year 2010, the firm added non-conventional energy systems to its repertoire. In the field of non-conventional energy the unit has also been manufacturing solar appliances in Guwahati and installing solar power plants, solar hot water systems, Solar Fans etc.

Mr. Barthakur further has plans to introduce mechanised pollution free general brick (not concrete brick or ash brick) manufacturing unit to control pollution created by brick fields in this region and to save the agricultural land from brick making industries he is planning to use soil from river beds to manufacture bricks.

In what can be termed as a major honour to the firm, it was given the responsibility of designing, installing and maintaining of the main Torch as well as the 30 relay torches of the 33<sup>rd</sup> National Games held in Guwahati. It was a big success both in aesthetic and technical terms and received good appreciation from the people.

One of the biggest achievements so far for Mr. Barthakur has been the receiving of “National Award” as a “Small Scale Entrepreneur” instituted by the Ministry of Small Scale Industries, Govt. Of India, as a recognition for his achievements in this sector from the then President of India Dr. A.P.J. Abdul Kalam in the year 2005 and also “ North East Excellency Award” instituted by DoNER Ministry and Indian Chambers of Commerce Mumbai

Barthakur’s success on a solo effort is a message to the up and coming entrepreneurs to instil in their minds the zeal to think big even if the odds are not in their favour.

**Shashi Singh Choudhary**

Founder and Chairperson

Consortium of Women Entrepreneurs in India (CWEI)



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Ms. Shashi Singh is an International Consultant – Enterprise Development and a Gender Specialist. MOHA – Consortia Marketing company has been established as a social Enterprise for promotion of products of small Entrepreneurs.

Ms. Shashi Singh is the Chairperson of – Consortium of Women Entrepreneurs of India, Cwei – is a technical institution which builds capacities for the total empowerment of women in clusters through institution building and enterprise promotion.

Being a Member of National Board, Ministry of MSME, Govt. of India she has been instrumental in playing the advocacy role, specially for Micro Entrepreneurs which is a large segment of unorganized women in the manufacturing sector. She is working closely with development module to support BPL - Below Poverty Line families and SHG groups to provide marketing support through an established brand name.

As the Knowledge Partner for Clusters of women Entrepreneurs and register as enterprise units, double their income and develop gainfully employable skills.

For the dedicated results achieved, she was awarded by the President of India for Excellence in Promotion of Small Industries.

As the member of Standing Advisory Committee of RBI and also representing State level advisory board, Commissioner Industries & MSME DI, she has studied the financial inclusion of women with the thrust on sustainable enterprises and savings essential for holistic empowerment of women.

As the Governing Council member of NID – National Institute of Design, Ahmedabad she has been instrumental in using new innovative designs for supporting creative enterprises and working on IPR tools for protection.

Ms. Singh is a product of EDI – Entrepreneurship Development Institute, Ahmedabad, which helped her in starting her first Enterprise in 1984, which expanded, grew and diversified successfully.

Being a Gender specialist she got the privilege of speaking at various foras and has been invited as a guest faculty by many professional institutes, Nationally & Internationally, to

talk, lecture and as an Expert on Enterprise Development & Economic Empowerment of Women.

She was member of Selection committee of UNDP for Projects on Economic Empowerment.

### **International Achievements**

As an UN Consultant - Set up AWBC - Afghan Women's Business Council, Afghanistan. Organized B2B for women entrepreneurs of Afghanistan and India.

Knowledge Management in Agro Industries through turn key consultancy for private enterprises in Afghanistan is our ongoing project.

Ms. Singh was invited as a guest of honor for Women in Enterprise Development - Sensitization Program for parliamentarians, bureaucracy and development organizations by the Royal Government of Bhutan.

Ms. Singh Was also Honoured as the Chief Guest on Africa Night hosted by the African mission in India.

Ms. Singh established Networking program for forward and backward linkages with 42 countries worldwide; organized Women Entrepreneurs Delegation for Strategic Alliance with South Asia, Afghanistan, Central Asia, Asia Pacific Region, Egypt, Syria, Mauritius, South Korea, Bhutan, Brunei, Maldives, Sri-Lanka, Bangladesh, UK & Italy.

She signed an MOU with Hon'ble Dy. Prime Minister, Ms. Svetlana T. Inamova, Govt. of Uzbekistan, Link with Women's committee of Uzbekistan, Central Asia.

Scoping mission & need assessment undertaken to rehabilitate Tsunami Affected Women in Sri-Lanka.

Visited UK for cluster development between UK & India, under the aegis of British Council, EU Asia Project "M.Sc. Entrepreneurship Development, University of Central England.

**Shio Shankar Singh**  
Chairman  
Assam Gramin Vikash Bank



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**Professional Qualification** : CAIIB

**Date Of Joining in the Bank** : Joined in 1992 as Probationary Officer in United Bank of India

**Experience:** Worked in Different Capacities - CRM, AGM (Prisec.), GM (RRB)

**Award/Recognition:**

1. Selected Best Manager in all India by United Bank of India
2. Awarded for excellent performance in NPA Recovery and Bancassurance
3. Attended many National & International (Bangladesh, Thailand, Malayasia, China etc.) Conferences and Seminars

**Hobby:** Composing Music, Performing Yoga.

## **S P S Bakshi**

Chairman & Managing Director  
Engineering Projects India Limited



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**Dr. S P S Bakshi**, Chairman-cum-Managing Director, Engineering Projects (India) Ltd., A Govt. of India Enterprise, is professional with nearly 32 years of rich and comprehensive experience in Project Coordination, Planning and Execution of Projects on turnkey basis. He is an expert in Project Management operations with key focus on optimal utilization of resources. With his background of MBA in Human Resources, he had acquired skills to become good administrator and a dynamic leader. A strategic planner with expertise in planning, execution of construction projects involving Project Feasibility Study, Project Planning, Strategy Formulation and Resource Administration with a flair for compliance with Quality Standards and high user satisfaction. He has been conferred upon **Degree of Doctor of Philosophy (Honoris Causa)** by Singhania University, Rajasthan.

**Dr. Bakshi**, as Chairman-cum-Managing Director, has introduced remarkable measures in implementation of the projects which has not only improved the quality of workmanship & transparency in the company's operation but has also enhanced the image of EPIL in the market. He has been the guiding force in company's diversifying into newer areas like Monorail Systems which is the need of the hour to ease out growing traffic congestion in major towns. He initiated workmen training programmes at EPI's project sites with vision to provide skilled work force to the construction sector, under CSR activities.

**Dr. Bakshi** has specialized experience in design and construction of pavements for runways and highways. He has planned designed and implemented mega building projects and airport projects. He is well versed in the art of coordination with State and Central Government agencies to bring about synergy in operations and interaction with foreign experts for Planning & Designing of Mega Engineering Projects.

**Dr. Bakshi** is an active member of various International & National professional bodies like the Institution of Engineers, India, the Institute of Transportation Engineers, USA, Indian Road Congress, etc. He is the member of International Road Federation Geneva Board of Directors. Dr. Bakshi is Vice President of reputed organisations - **Construction Industry Development Council (CIDC)**, **Indian Building Congress**, **Global Compact Network India** and is an Institutional Member of All India Management Association (AIMA).

**Dr. Bakshi** has been honoured for his talent, intelligent hard work and dedication to development of grass root workers with following Awards by various prestigious organizations

- **CEO with HR Orientation Award** at Mumbai ( Feb.2013)
- **Award for Professional Services** at New Delhi(Dec.2012),
- **Visionary Award** at Ahmedabad (Aug.2012),
- **Life Time Achievement Award** at Bangalore (March2012) ,
- **Global India Achievers Award** at Mumbai (February, 2011) ,
- **Business Leadership Award** at New Delhi (March, 2010) ,
- **Udyog Rattan Award** at Bangkok (February, 2010),
- **Rajiv Gandhi Excellence Award** at New Delhi (August, 2006),
- **Glory of India Award** at London (July, 2005)

**Dr. Bakshi** held following senior positions in various Public Sector prior to taking over as CMD, EPIL

- **Executive Director**, Airports Authority of India (AAI), from Oct.2007 to Feb.2009
- **Regional Executive Director**, Airports Authority of India (AAI),from Feb.2006 to Oct.2007
- **Chief General Manager/Chief Project Director**, National Highways Authority of India (NHAI),from Oct.99 to Nov.2005 and various other organizations.

**Suneet Singh Tuli**  
Founder and CEO  
DataWind Ltd.



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Mr. Suneet Singh Tuli is the founder and CEO of DataWind Ltd., responsible for the overall vision, strategy future. He has 22 years of extensive experience as a serial entrepreneur, having previously launched two successful companies that conducted Initial Public Offerings (IPOs) on the Nasdaq stock market. At DataWind and previous ventures, patented technologies were created to develop scanning, printing and imaging products that set world records in both price and performance. The innovative products and technologies created through these ventures have received numerous awards and accolades, including recognition by the Guinness Book of Records. Most recently, DataWind's Aakash/UbiSlate tablets have received worldwide attention, as the Company executes a vision to empower the next 3 billion people with computing and internet access.

DataWind has been awarded UK's Most Innovative Mobile Company for 2012. Its products have been awarded by CNBC TV 18 and Mercedes Benz, the Young Turks Innovation award, and been finalists at the Mobile World Congress for Innovation in Education and at the CTIA Wireless Show for the BiG Idea award.

**Sunil Saikia**

HOD

Indian Institute of Entrepreneurship, Guwahati



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Dr. Sunil Kr. Saikia, M.Com, M.A (Eco), LL.B, Ph.D, Diploma in Export Management, is presently working as Director i/c & Head, Centre for Enterprise Development & Management in the Indian Institute of Entrepreneurship (IIE), Guwahati, an Organisation of the Ministry of Micro, Small & Medium Enterprises, Government of India. He has been engaged in training and research in SME development and management for over thirty years and has been working in the present organization for more than 15 years.

Dr. Saikia is also a Visiting Faculty in Gauhati University and Tezpur University, Guwahati in M.B.A. Department. Dr. Saikia has carried out a number of research studies and is regularly contributing articles to various journals and newspapers. He is also associated with a number of Academic and Professional forums and bodies. Dr. Saikia has authored and published fourteen (14) books on industrial development and management, travelogue, traditional food habits etc.

**Vineet Agarwal**

Joint Managing Director  
Transport Corporation of India Ltd



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Vineet Agarwal is currently the Joint Managing Director of TCI, India's largest logistics company. He graduated from Carnegie Mellon University and the Owner President Management program from Harvard Business School. He is currently serving as a Member, Governing Council of All India Management Association (AIMA), Member of the CII National Logistics Committee and CII National Retail committee & Member, FICCI National Executive Committee. He is also serving as the Regional (South Asia) Education chair for Young Presidents Organization. He is involved in various social work through his family's foundation and is an avid reader & a marathon runner.