

ISED SMALL ENTERPRISE OBSERVATORY



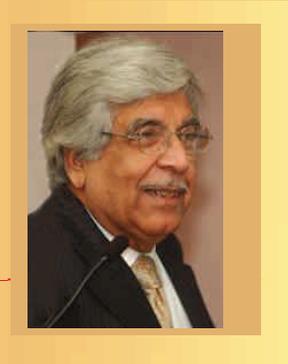
*India's Premier Knowledge Management
System on MSMEs*



Institute of Small Enterprises and Development

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Message



Dear Friend,

The Indian economy is fast growing. While, manufacturing has not kept up its record to our expectations during recent times, the country adorns a significant place in the global manufacturing map. This has been explained, to a large extent, by the sizable number of manufacturing enterprises in the MSME sector, which according to the Fourth Census of MSMEs, is 24.5% of all units in the sector. The manufacturing contribution of India's MSMEs is unparalleled. However, its size need to grow progressively. Planning for the sector at the micro, meso and macro levels, is vital. For that, the policy makers and the entrepreneurs alike, need to remain informed and sensitized.

ISED-Small Enterprise Observatory (ISED-SEO), a knowledge platform within the Institute of Small Enterprises and Development, has been on a constant drive to nourish the database of the sector through a variety of activities, such as specialized studies, seminars and discussions, and an annual state-of-the-sector reporting Series, India MSME Report. An innovative Programme, India MSME Darshan, is meant to take the message of the Report to the key stake holders for their feedback and validation.

I request all who believe in the vitality and strategic position of the MSME sector for your help: to strengthen the Observatory through membership, resource support and partnership.

very sincerely,

A handwritten signature in black ink, appearing to be 'YK Alagh'.

Yoginder. K. Alagh
Chairman , Special Advisory Team.

Ahmedabad.
July 16, 2011.

Where Change is the Rule

The development puzzles today in most countries are common: need for livelihoods, job creation, and improvement of quality of life. The popular understanding of the present status, be it at the macro or micro levels, are far too limited. The politician and activist speak of "data" and "studies"; the researcher on "information"; the innovator on "knowledge"; and the statesman and philosopher, on "wisdom". The first three categories relate to the past; they deal with what has been, or what is known. Only 'wisdom' deals with the future, because it incorporates vision and design. But, wisdom has no easy route; one need to move successively through the other three categories.

Micro, small and medium enterprises (MSMEs), undoubtedly, are significant in most economies of the world today, in terms of their role in income generation, employment opportunities, and exports, and more so, to regional development. Now it is everybody's compass, the public eye has already captured that importance! Hence, as the bankers, the politicians, the promotional agencies, and all do-gooders, speak tall of it, they mean more than business!

Decision making by businesses, and for them, in the present century, unlike in the past, is too complex. Enhanced globalization of economies, and the associated cross-border enterprise activities have made the functional space for MSMEs more challenging. Where continuous change itself is the rule of the game, "a little knowledge is, undoubtedly, a dangerous thing".

For SMEs today, the need for growth and the need for survival are so close to each other. It is not finance or technology; global and national value chains are the drivers of growth today. Getting linked to such value chains, to be appropriate and effective, MSMEs need to get into the key lines of communication. Structured models of knowledge base and knowledge retrieval need to remain handmaids of such a process. In India, as in many other countries, the tools and techniques of MSME communication have need and scope for further improvement. Stake holders at various levels, the entrepreneur, the banker, CEO of an SME promotion agency, the leader of an SME Association, representative of a multilateral organization, all have reasons to join hands in such a drive.

What is an Enterprise Observatory?

Knowledge is a detailed familiarity with something, acquired through education or experience. Its creation is a continuous process of experimentation, interactions, and popular beliefs. An enterprise development Institute creates knowledge in that specialized area, and naturally, has the need and relevant capabilities to manage it. An enterprise observatory is a knowledge management system, an arrangement for management of intangible assets of an organization, to create, represent and distribute it.

The term 'enterprise observatory' is a state-of-the-art concept. Experience elsewhere in the world shows varied results. Based on such experience, and to the specific experience and imperatives of India, Institute of Small enterprises and Development conceptualized and operationalised it in a unique style.

Genesis

ISED Small Enterprise Observatory (ISED-SEO) was set up in 1997 as a premier knowledge platform specialized in industry and enterprise development. The overall objective of this platform is to improve our understanding of the ways in which MSMEs perceive and experience the environment in which they do business, as also the external environment, including public policy, which influence their behavior patterns. It is an information exchange, meant to catalyze action by various stakeholders, ie, policymakers, financing institutions, researchers and entrepreneurs themselves. Besides, it services data and policy analysis requirements of research-oriented entities, that include, the most respected academic institutions and international organizations, key policy makers and top decision makers in industry and finance.

International Conference on Small Enterprise Development (10th December 1997) Resolution

Detailed discussions and deliberations were held at this International Conference on Small Enterprise Development, organised jointly by the Institute of Small Enterprises and Development (ISED) and the Cochin University of Science and Technology (CUSAT), in association with the Dept. of SSI, Govt. of India, on various aspects of SME development at the global level, and in the specific context of the Asia-Pacific region. After threadbare discussions, this Conference has passed the following resolutions unanimously:

Resolution No.1

We affirm our faith in small enterprises as the engine of a sustainable development agenda, as outlined by the United Nations.

Resolution No.2

That routine initiatives by governments, by themselves, cannot lead to a more speedy and sustained growth of small enterprises in the Asia-Pacific region.

Resolution No.3

Governments should come forward with a more liberal approach of supporting independent professional institutions that can bring in fresh ideas and innovation that lead to action for enterprise development.

Resolution No.4

Action for enterprise development should start from two forms of initiatives: a) reliable and integrated data/information systems which can be useful for policy making as well as for micro level programmes; and b) an annual survey of the SME sector, having a balanced view of the global, regional and national situation.

Resolution No.5

Institute of Small Enterprises and Development should take the lead role in carrying forward the resolutions as above. It should take immediate steps to set up a Small Enterprise Observatory. ISED should also start an annual Reporting Series for the SME sector.

ISED-SEO is a monitoring system for business at the global, national and regional levels, with a special thrust on aspects that clearly relate to MSMEs. From the usual variables such as, trend in production, export, employment, location of units etc., at one end, it dwells into the wider issues of policy, such as trade regime and barriers, and regulatory policies. How does government policy change? What will happen to particular industries tomorrow? Which are the good NGOs, say in Orissa, that can be partners in a major livelihoods development project? How do multilateral trade negotiations influence Indian MSMEs? What are the opportunities and risk factors in lending to a group of firms organized under a particular cluster/subsector? The Observatory is a platform that constantly seeks to answer such questions.

Vision

“From enterprise to enterprise”: this is the vision of ISED Small Enterprise Observatory. People venture upon (enterprise) to create ventures (enterprises).

While enterprise is a unique attribute found in some human beings, and not all, elements of it are found in many. Igniting such elements would mean, contribution to an entrepreneurial culture. It is synergic to the vision of the Institute: “sustainable development through enterprise”

Mission

Tuning the community as a whole to the massive task of enterprise creation is the mission of the Observatory at ISED. It seeks to achieve this wider goal through various initiatives:

- create a platform of communication among various stake holders;
- sensitise and educate them on the vitality of enterprise as having enormous potential;
- report, from time to time, key developments in the economy, in relation to the enterprise system and its functioning;
- help advocacy platforms and the media to remain informed and to function effectively;
- show-case best practices and star performance; and
- make projections and predictions on the shape of things to emerge.

Products and Services

While the Observatory is an integrated platform which draws upon and makes available knowledge resources in readily usable forms, it is a participative platform to the core, and is membership driven. The take-aways for the members are in the form of word of mouth, materials in print, or as services. Apart from regular communications, the members enjoy discounts on all takeaways. Should one be a banker, a corporate executive, an academic or an entrepreneur, it eases him from the burden of pondering over complex MSME-related issues and developments. The burden is shouldered by the Observatory in the following broad forms:

India MSME Communication Programme

Social Communication is a vital link in sustainable enterprise development. It explores the ways of how information can be perceived, understood and transmitted. The term, in the context of MSMEs, involves essentially two things: a) intra- entrepreneur or intra- firm transfer of knowledge; and b) such exchanges of the entrepreneur or the firm with the outside world, ie. with the society and with the Government. This integrated meaning of the term need to be operationalised with the help of relevant tools and techniques, which can inspire growth and sustenance of enterprises. Communication is a prerequisite for creation of appropriate advocacy platforms, which the MSME sector in India is lacking today. India MSME Communication programme (IMCP) is essentially an educative programme for helping the entrepreneurs to analyse their own environment.



India MSME Darshan

India MSME *Darshan* is an annual networking and education campaign. The word '*darshan*' in Sanskrit means 'seeing'. MSMEs which shape the lives of millions of people of India, are annually visited at their haven. This, in fact, is an excellent method of sourcing information from entrepreneurs and stake holders who are otherwise too reserved or are least visible.

India MSME *Darshan* Series generally offer the following outstanding features and benefits:

- stake holder Meets at several major centres
- excellent media coverage
- Opportunities for Partners to ensure the reach through various methods
- advertisement opportunities in the *Darshan* Document (to be widely circulated)
- presentation Opportunities in meetings and discussions
- And more

IMCP has sixteen active Partners today. Why not join the galaxy of these national level institutions ?

India Micro Small and Medium Enterprise Report Series

The aim of the India Micro, Small and Medium Enterprises Report Series (MSMER Series), the only Sector Report of its kind in India, is to put forward an independent and scholarly view of the state of MSMEs on an yearly basis. It reports a realistic assessment of what is happening, and what is likely to happen, from the point of view of what seems best for the interests of the MSMEs. Reports in this Series have been brought out regularly since 1997.



Sectoral and Sub-sectoral Snippets : Based on continuous research and policy initiatives at the Institute, the Observatory brings out specific sectoral and sub sectoral survey reports of current relevance. These, being brought out in the form of monographs, Discussion Papers, and to some extent, booklets, in local language, are essentially meant to generate debates and mobilize opinion in favour of policy changes and grass root level interventions by promotional agencies and bankers.

ISED Annual Small Enterprise Lecture: This annual event is meant to bring forward expertise of an international nature, to the requirements and concerns of the entrepreneurs and of the various stake holders. This major annual event ensures a forum for discussion on the latest issues

Seminars and Conferences : Frequent seminars and conferences, regional, national and international, have been organized by the Obsevatory. While the members are meticulously alerted on these events, their feed back is collected from time to time.

Policy Briefs and Memoranda : The concerns of the MSME sector are brought to the lime light of public policy through policy briefs and memoranda. These include, the regular pre-Budget Memorandum submitted to the Central government and in the states, and the submissions to several expert committees.



Data bases and Analytical Reports : The Observatory maintains data sets that are sub sectoral and regional. The users of such data sets include, financial institutions, promotional agencies, market research companies, corporate sector, academics, and international organizations.

Mentoring and Awards : The Observatory, given its credentials, is well placed to understand the strengths of particular sectors, industries, and individual entrepreneurs. It has strong mentoring initiatives in the form for awards and media highlights. These include, documentation, technical support, and encouragement to various categories of stake-holders at the entrepreneurship-enterprise development ladder.

Observatory Beacon: This is an update of MSME developments around the world.



Media Briefs: The Observatory, as a knowledge base, is a regular source of date and information of media interest. These are brought out in the form of media briefs, booklets, monographs, and full-length reports and books.

MSME Finger Tips: "For want of a nail.....the kingdom was lost", goes the saying. Vital statistics become too critical at times, and more so on MSMEs, where data itself is scarce. 'MSME Fingertips' is a special sub-platform of the Observatory, which provides much vital data in a readily usable form.

Partnership Opportunities

The Observatory offers various opportunities of Partnership. Detailed schedule of tariffs and deliverables are attached separately.

Membership - Memberships are of six categories: i) Individual; ii) MSME; iii) Institutional; iv) Student; v) corporate sector; vi) International organizations.

Endowments - Endowments, meant for a specific purpose, such as for research, for creation of a specific data base, or for creation of some specific facilities, can set up. The source of the endowment will be duly acknowledged and publicised from time to time.

Programme Partnerships - Programme Partnership implies, participation in a particular programme of the Observatory. There has been a high demand for Programme Partnership for the last few years. For example, participation in India MSME Communication Programme (IMCP), and its two components, i.e., India MSME Report Series and India MSME Darshan Series, give significant national/international visibility to the Partners. IMCP takes place between April-September every year. Invitations for Programme Partnerships for the next year are sent out on December 10 every year. Confirmed expression of interest for Partnership before this date are offered special discounts.

Membership

By becoming a member of ISED -SEO, one gets an opportunity of sharing valuable knowledge resources on MSME sector. For details relating to membership, please contact: Co-ordinator ISED-SEO (e-mail: seo@isedonline.org).

International Special Advisory Team

Dr. Y.K. Alagh (Chairman) - Senior Economist and former Union Minister of State for Science and Technology.

Dr. T.S. Papola - Member, Prime Minister's Advisory Council on MSMEs, New Delhi.

Dr. S.P.Gupta - Former Member, Planning Commission, New Delhi.

Ms. Uma Reddy - CEO, Hitech Magnetics, Bangalore, & Member, NMCC, Government of India.

Dr. Malcolm Harper - SME Guru & Former Director, Cranfield Institute of Management, Cranfield University, U.K.

Dr. Marc Cowling - Chair in Entrepreneurship at the Exeter Business School, UK. Also Deputy Principal Investigator of the Global Entrepreneurship Monitor.

Dr. Tulus Tambunan - Director, Center for Industry and SME Studies, University of Trisakti, Indonesia.

Mr. Gopal Joshi - Coordinator, Informal Enterprises, EMP/Enterprises, International Labour Organisation, Geneva.

Mr. Amitabh Guha - Chairman, South Indian Bank, Thrissur.

Dr. S. R. Hashim - Chairman, IASSI, New Delhi & former Chairman, University Grants Commission.

Mr. J.R.Bangera - President, Federation of Karnataka Chambers of Commerce and Industry, Bangalore

Mr. K.R.Gnanasambandan - Vice President, Tamil Nadu Small and Tiny Industries Association, Chennai.

Dr. Paul Shrivastava - David O'Brien Distinguished Professor of Sustainable Enterprise, & Director, David O'Brien Center for Sustainable Enterprise, John Molson School of Business, Concordia University, Canada.

Dr. Soren Jeppensen - Coordinator, CBDS & CSR Centre, Copenhagen Business School, Denmark

Dr. BLILI Sam - Director, Enterprise Institute, Institut de l'entreprise, University of Neuchâtel, Neuchâtel, Switzerland

Ms. Madhura M. Chathrapathy - Trustee Director, Asian Centre for Entrepreneurial Initiatives, Bangalore.

Dr. Dinesh Awasthi - Director, Entrepreneurship Development Institute of India, Ahmedabad

Dr. K. Ramakrishnan - Chief Executive, Indian Banks Association, Mumbai (tbc).

Partnership Opportunities*

| Lines of Partnership | Programme Schedule | Due date: 'Call for Partnership Offer' | Request period | Tariff concession | Payment schedule |
|--|-------------------------|--|----------------------------|-------------------|--|
| India MSME Communication Programme | April 15 - September 30 | December 10 | September 30 - December 10 | 10 % discount | Confirmation letter before December 10 |
| India MSME Report | April – May | December 10 | September 30 - December 10 | 10 % discount | Confirmation letter before December 10 |
| India MSME Darshan | May - September 30 | December 10 | September 30 - December 10 | 10 % discount | Confirmation letter before December 10 |
| ISED Annual Small Enterprise Lecture | December – January | September - 1 | October 30 | | Confirmation letter before October 30 |
| ISED Best SME Award | December - January | September 1 | October 30 | | Confirmation letter before October 30 |
| Observatory Annual Research Fellowship | | January 1 | January - December | | Confirmation letter before February 28 |

* Tariff plans are available separately

ISED SMALL ENTERPRISE OBSERVATORY



Thus they Speak.....

The contribution of this innovative platform, the Observatory, is commendable....

Dr. K.C. Chakrabarty, Deputy Governor, Reserve Bank of India

"The ISED Small Enterprise Observatory is a unique knowledge platform. It helps the policy makers and entrepreneurs alike....."

Dinesh Rai, Secretary, Ministry of MSME, Govt. of India

The uniqueness of the *India MSME Report Series* is that, it is being brought out by a world-class knowledge platform, the Small Enterprise Observatory

Global Business Review

The work done by ISED Small Enterprise Observatory is really significant and unique.....

Manpower Journal

The work of ISED Small Enterprise Observatory is laudable.....

The Economic Times

This exclusive knowledge platform for SMEs has several innovative things to offer.....

Global MSME, Kuala Lumpur

The special feature and strength of the *India MSME Report* is the umbrella platform that supports it: the Observatory.....

The Economist, London

The Planning Commission has, of course, benefited from the work of ISED Small Enterprise Observatory.....

Dr. S.P. Gupta, Member Planning Commission

Beyond the regular reporting by the *India MSME Report*, the ISED Small Enterprise Observatory is expected to contribute much more valuable inputs for planning and policy making in the country...

The Business Line



The work of the ISED Small Enterprise Observatory is unique among Commonwealth countries.....

Jose Maurel, Director, Commonwealth Secretariat, London



Institute of Small Enterprises and Development (ISED) is an interdisciplinary Centre with small enterprises as its key constituency. Along with research, policy advice, advocacy, networking, training and consultancy, the Institute is a participant to policy dialogue on SMEs within India and internationally. The Institute was accredited and honoured as the 'Global Leader in Small Business Promotion' by Institute of International Education (IIE), New York, in 2005.