

Annual Report 2016-17



*Two Glorious Decades
of the ISED Small Enterprise
Observatory*



Institute of Small Enterprises & Development

Institute of Small Enterprises & Development

The origin of the Institute, in 1988, owes to the initiatives of a group of professionals and concerned citizens from various parts of India, who were influenced by the global Sustainable Development agenda, put forward by the World Commission on Environment and Development. The active helping hand of the Planning Commission, New Delhi, offered the early strength and vitality to the nascent Institute.

ISED considers development of private enterprise as the fulcrum of sustainable development. The Institute believes that, even when the global resources get depleted day by day, sky is the limit for human capabilities. It is these capabilities or creativity (or 'entrepreneurship' in a wider sense), that forms the ground for germination and growth of enterprises.

Action for sustainable development of enterprises and entrepreneurship is complex, and difficult. It needs to be based on a holistic understanding of the process of development, on the one hand, and feedback on intelligent interventions, on the other. Suck understanding and action leads to knowledge creation. ISED programme and strategies are anchored on such a knowledge base.

Our Vision

The motto of ISED is 'sustainable development through enterprise'. We seek a world where people armed with their creativity, strive for sustainable development, entrepreneurship being the means.

Our Mission

The mission of ISED is to advance the theory and practice of sustainable development, among enterprises and their various stakeholders: policy makers, financial institutions, promotional agencies, international partners, media, and the community at large.

ISED Programme Goal & Approach

It is anchored on all who have the aspiration for enterprise has a means of livelihood. ISED aims to accomplish this goal both through direct field interventions as also through partnerships and advisory roles. The Institute's approach is focused on developing the potential of entrepreneurs, especially at the marginal level, to drive long lasting equitable changes. We strategically emphasize on research advisory services, business development services, communication, and creation of a knowledge base that is relevant to the context.

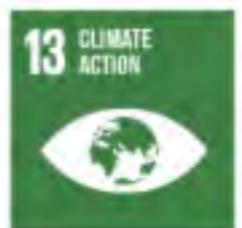
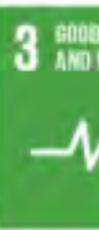
The ISED efforts & Initiatives are focused fighting the underlying causes of the invisibility of small & medium enterprises as a constituency. The programming approaches at the Institute includes, social analysis and action, value chain based and autonomous capacity building approaches, leaderships & life skills strengthening, policy analysis and facilitating links and dialogues between the government sector, private sector and the third sector.

Institute of Small Enterprises and Development has been working since 1988, focusing on the area of enterprise development, as a focal theme of sustainable development. We do this through well planned and comprehensive programs in several related areas of research, capacity building, communication, maintenance of knowledge systems, and outreach activities. Our overall goal is the empowerment of people, acting as a catalyst for enhancing their creativity through the entrepreneurship channel. In the process, it addresses the central issues of social policy and concern such as employment promotion, local economic development, and balanced regional development.

In terms of its programme, the ISED works at the all India level, with natural, global and regional linkages, in terms of activities and partnerships.



UNITED NATIONS



SUSTAINABLE DEVELOPMENT



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Catalysts of Change

The wheel denotes change. The invention of wheel marked the first signal of global change and progress over the years, the ISED has acted as a catalyst to change in the entrepreneurship and livelihood scene. We continuously strive to ensure that our intervention brings about change which is sustainable, inclusive, and replicable.

We act as change agents, to the extent possible, by contributing to shifting attitudes on self employment, promoting ideas of meaningful economic governance, advocating strategies of socio economic resilience ; all contributing to sustainable enterprise development.

Change can be in the internal environment or internal to the firm. In both cases, ISED's catalyze role is persuasive. As such it can interpret and predict change.

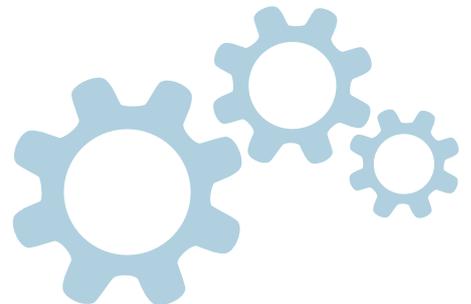
About the Report

This report outlines the work of the ISED during the financial year 2016-17. We present some highlights from our work, along with other initiatives to strengthen our engagement with the impact constituency, as also in relation to our social responsibility.



Why Sustainable Enterprise Development ?

Physical resources, globally as also in India, get depleted day by day. The possibilities renewing such resources, also is marginal. However, human creativity and aspirations do not have such bounds. Therefore, triggering the achievement motivation of people holds the key to sustainable economic development. It also provides the key for a more inclusive and egalitarian society.



MESSAGE FROM THE CHAIRMAN



“ We strive to ensure that our interventions bring about sustainable, inclusive, and replicable changes in the economy, and in the society at large” ”

The year 2015-16 has been marked by a difficult global situation, both at the macroeconomic level, as well as at the micro level of employment and incomes. This has had implications for the prospects of micro, small, and medium enterprises around the world. In Asia, as also in India, the situation is little bit different, especially because of the tradition and practice of development in this part of the globe.

Despite such reasonably better position of the Indian economy, the micro, small, and medium enterprises in the country are undergoing difficult times especially because of structural factors, which naturally calls for reforms and remedial measures. At our Institute, under the various Knowledge Centres , initiatives have been taken to grapple with such issues, and to come out with solutions and suggestions. While these solutions and suggestions have to happen both at the macro and micro levels, within its limited capacities, the Institute's attempts are spread out in terms of research, advisory services, and business development services. The Institute's specialized knowledge platform, the ISED Small Enterprise Observatory, also renders a unique job.

The achievements of the year have been brought out through the pages of this annual report. Besides providing complacency, this is also time for us to resolve on accelerated commitments and initiatives in the year ahead and beyond.

Best wishes
Kamal Nayan Kabra
Chairman

MESSAGE FROM THE DIRECTOR



Despite the rather difficult global situation, the Indian economy was relatively insulated from the worst of odds during the year 2015-16. However, the micro, small, and medium enterprises in the country are undergoing difficult times especially because of structural factors, which naturally calls for reforms and remedial measures. At our Institute, under the various Knowledge Centres, initiatives have been taken to grapple with such issues, and to come out with solutions and suggestions. While these solutions and suggestions have to happen both at the macro and micro levels, within its limited capacities, the institute's attempts are spread out in terms of research, advisory services, and business development services. The Institute specialized knowledge platform, the ISED Small Enterprise Observatory also renders a unique job.

The major achievements of the Institute during the year relates to the several studies, as also some of the innovative policy recommendations and products. However, it is important that, at least a few of these initiatives are scaled up to a higher level, and that some of these activities are broadbased ensuring their mass reach. India MSME Communication Programme (IMCP), for that matter, renders a unique service in terms of sensitising the MSME stakeholders across the country. But more importantly, there is need for the development of products and services that directly go to the benefit of micro small and medium enterprises. It is this vital area, that the Institute hopes to focus on in the near future.

The achievements of the year have been brought out through the pages of this Annual Report. Besides providing complacence, this is also time for us to resolve on accelerated commitments and initiatives in the year ahead and beyond.

I wish to thank all our stakeholders and partners who have helped and made possible to shape the activity spectrum of the ISED to its present level. And this, of course, provides us courage to go ahead with better and more broad based strategies and activities in the coming years. This report is dedicated to the millions of entrepreneurs and their energies that make India what it is.

Best wishes
P.M. Mathew
Director

THEMATIC AREAS



The development priorities and concerns of the modern world are unique. Enterprises and entrepreneurial capabilities are the engines of economic growth today. How entrepreneurs are born and behave, what they contribute to the economy, and how public policy set the tone and tenor of enterprise growth, are crucial aspects of the 'sustainable development' debate today.

The Programme and activities of the Institute are tuned on the above lines; and are organised under its nine Knowledge Centres:

1. Centre for Enterprise Development
2. Centre for Social Development
3. Centre for Monitoring Enterprise Development in the States
4. Centre for Policy Studies
5. Centre for Responsible Business
6. Centre for Financial Education and Research
7. ISED Centre for Economic Research
8. New Economy and Local Economic Development Centre (NEWLED)
9. ISED -CMEDS



Research

Understanding the world of small enterprises is a challenging task. Hardcore research, is a must.



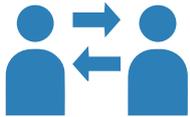
Business Development Services

Business in the modern world means not simply finance and technology. 'Real services' means business today.



Advisory Services & Policy Support

Knowledge need to get extended to the last man.
Public policy decides what he gets, and what not.



Development Communication

The process of development should not only be understood, it need to be communicated



ISED Small Enterprise Observatory

Data and Information, by themselves, cannot lead to good policy and programmes. Policy and action need to be strong evidence based.



Research



Overview

ISED focuses on research as a major instrument for achieving its goal of 'sustainable development through enterprise'. A major constraint of small enterprises globally, and more specifically in India, is their characteristic invisibility syndrome. Since being invisible on their domain, they are often incapable of gaining visibility on the policy space as well. Research is a powerful instrument by which the invisibility barrier can be reasonably broken, and the concerns of these enterprises can be brought into the public eye.

The core intent of the ISED research programme is to empower small enterprises by enhancing their knowledge base, self esteem, and leadership skills, as also to sensitise other stakeholders by highlighting the potential business case involved in this huge economic constituency. The research programme builds the overall capacity of the constituency by enhancing the knowledge, capabilities, and understanding of such enterprises and their various stakeholders.



Key Projects

Start-up Policy

Growth

Social Capital

Non Farm Sector Policies

Entrepreneurship

MSME Finance

Technology & Innovation

Labour Market

01

*2 Discussion Papers
Widely Circulated to a mailing list of 5000 Persons*

02

*9 Policy Briefs
Research findings and leads widely distributed among various
Ministries, Promotional Agencies and Policy Makers*

03

*2 Major Research Projects
Belonging to key areas of MSME Policy & Practice*

04

*Global Research in Policy
In progress: Research on global SME Policies with
special focus on India & UK*

05

Finance Park

06

Business Development Services

07

Entrepreneurship Initiative

08

*READ Support to States and Local Govts.
(ICEDR & Cochin Corporation)*

09

Sensitising Local Govts

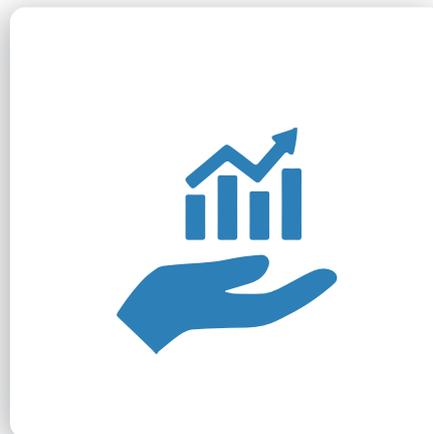
Business Development Services



Overview

Business Development Services (BDS) are a critical link between knowledge base and practice of enterprise development. This integrated concept includes a wide variety of non-financial services, such as entrepreneurship training and mentoring, business up-scaling packages, revival packages, shaping of local economic development strategies, labour and management training, development of marketing strategies counselling, Institution Development, strengthening and shaping policy interface etc.

ISED Business Development Services centre is a unique centre of the Institute. It provides an interface between businesses and other stakeholders, from the point of view of ensuring critical existence to MSMEs.



Key Projects

Start-up Support & Services Umbrella Projects Manual on Entrepreneurship Development & Start-up

International Exchange Studies on Economic Governance Finance Park Entrepreneurship Initiative

Stand Up India



01 *CDB Institutional Project*



02 *Entrepreneurship Clinics*



03 *Motivational Program for students*



04 *A major project on new business development services methodologies initiated. Documentation on BDS institutions and their role done.*



05 *Stand Up India*



06 *ISED BDS Centre*



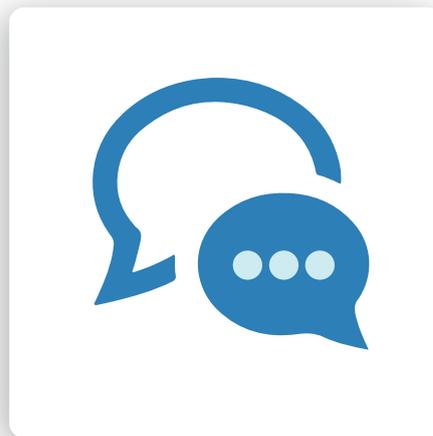
07 *Motivational Program for students*

Advisory Services & Policy Support



Overview

The advisory services of the Institute cover a spectrum of clientele and forms. Such clientele includes, Ministries and Departments of the Union, State, and local governments, international organisations, enterprise promotion agencies, financial institutions, community organisations, and Business Associations and Chambers.



Key Projects

Support Services to Ministries of the Union Government

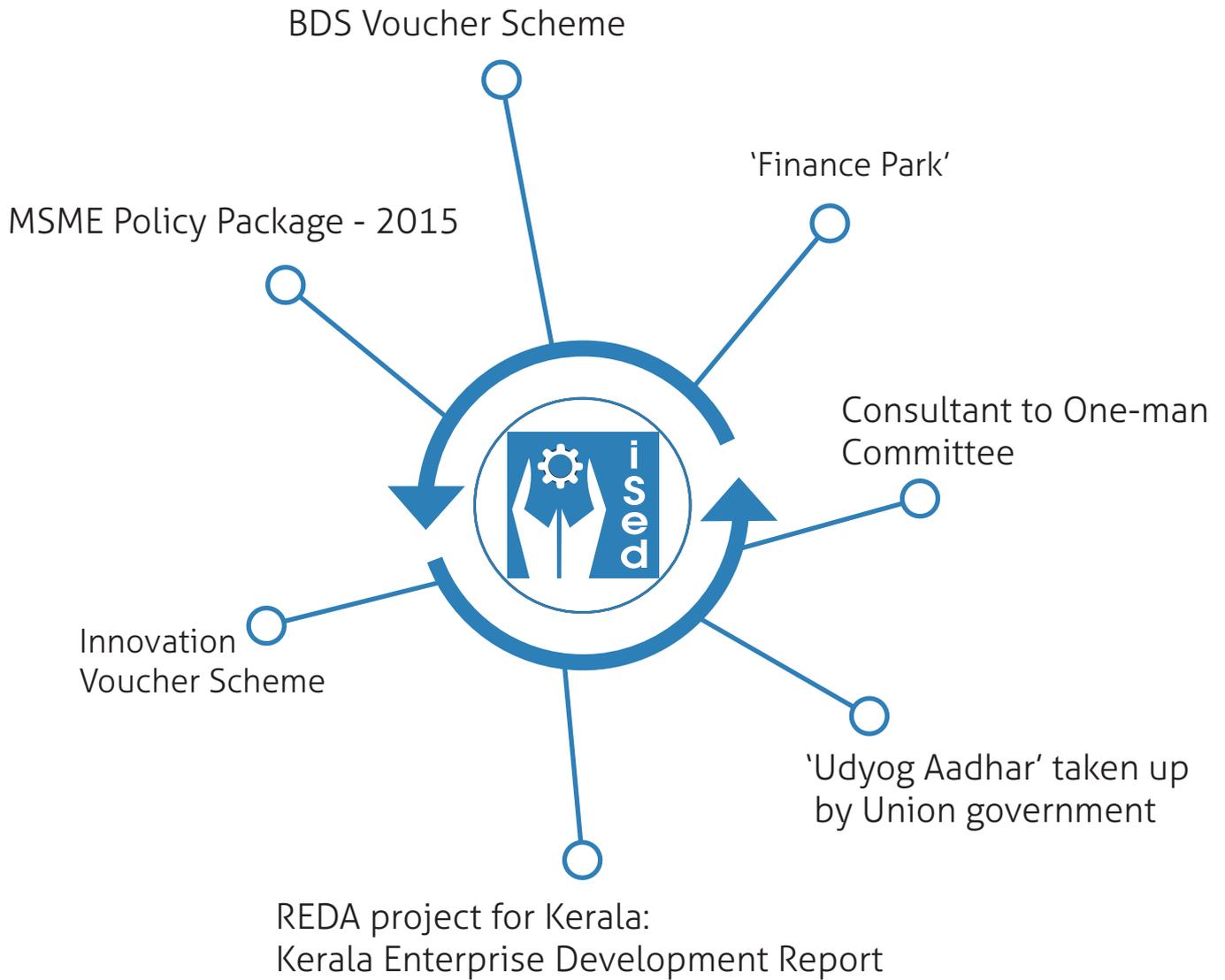
Support Services to the State Governments

NGO Sensitisation Programme

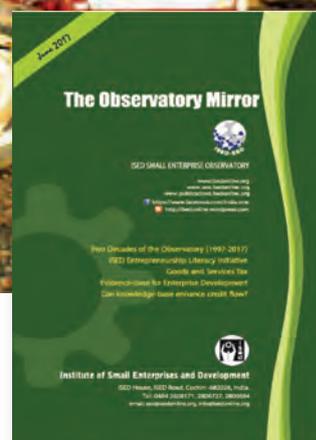
Support Services to the Local Governments

Gender & Enterprise Advisory Services

Major Achievements

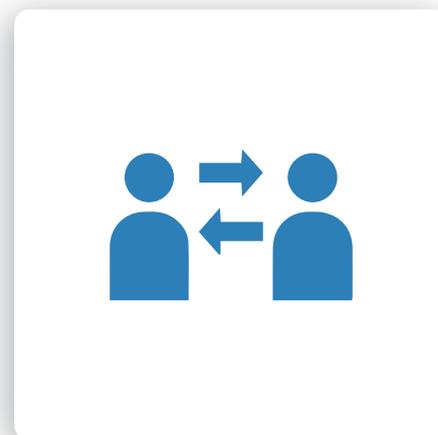


Development Communication



Overview

'Development Communication', at the ISED, essentially comprises of: a group of programmes and institutional platforms within the Institute, that helps it to take forward its mandate and agenda. India MSME Communication Programme (IMCP) is a national programme for communicating the concerns of the small enterprise constituency



Key Projects

India MSME Darshan

India MSME Communication Programme

India MSME Report

Knowledge Outreach Programme

Major Achievements

01

*India MSME Darshan
Mass contact of
Five Lakh MSME Stakeholders*

02

*National Reporting on MSMEs,
with global implications*

03

Dialogue Mechanism on MSMEs

04

*Development of
Government-Private Sector Interface*

05

*ISED Knowledge, Skills, &
Entrepreneurship Mission*

06

REDA Project

ISED Small Enterprise Observatory



Overview



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 operationalized it in a unique style.

Key Projects

Major Data Sets on MSMEs and the economy

Inclusive Partnership

Subsector Studies

Enhanced Membership

Policy Briefs & Discussion Papers

Seminars & Discussions

Major Achievements

1

Data Sets

= Field Data
= Registry of Associations
= List of Units

2

The Observatory Mirror :
Reaching 10,000 People

3

India MSME Report 2016

4

Discussion Groups

5

Seminars

6

Public Lectures

7

Gender & Enterprise Observatory

Partnerships

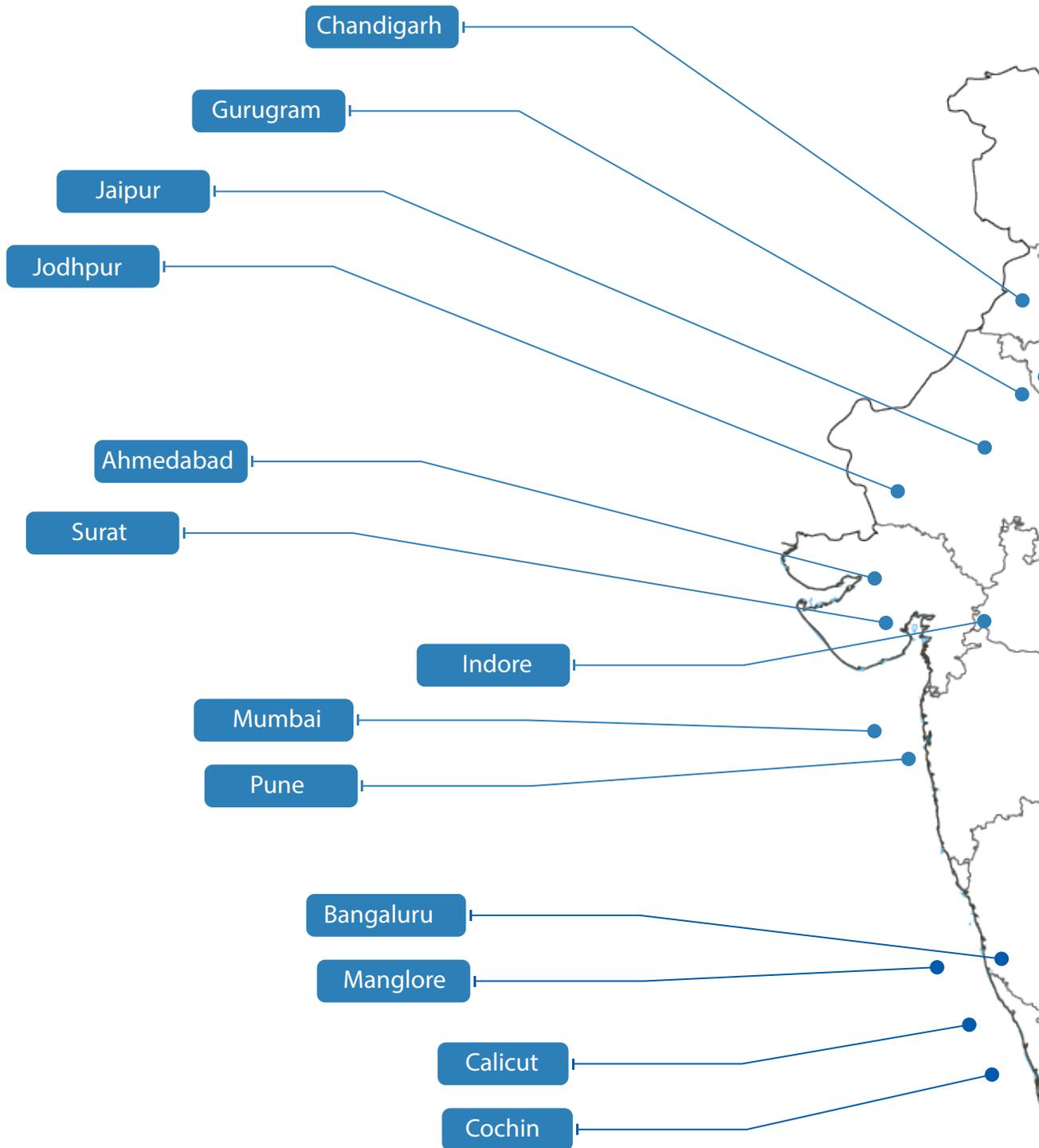
Our Partners

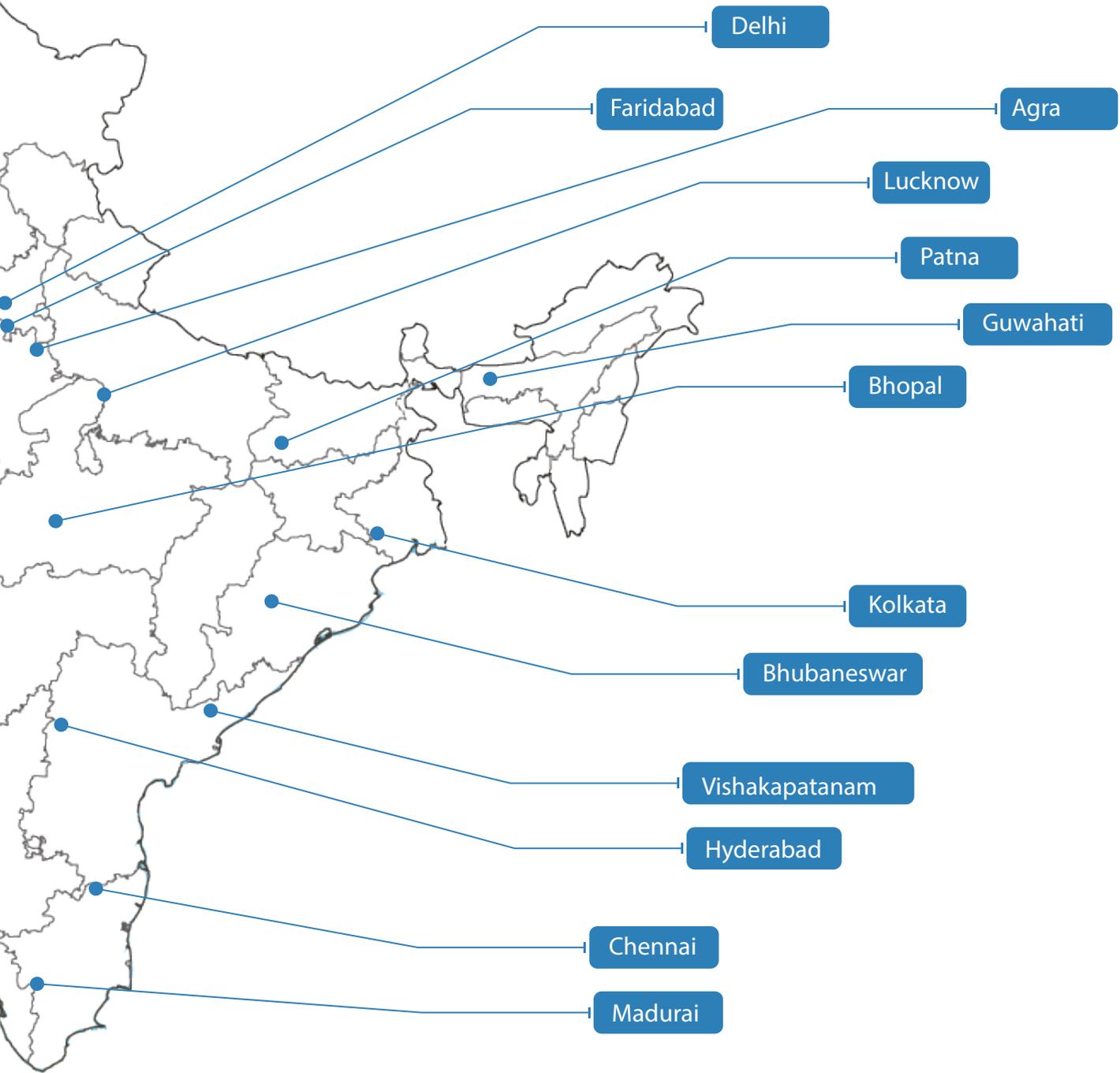
- * Commercial Banks.
- * Development Banks.
- * State Governments
- * Government of India
- * UN gencies
- * Corporate Sector.
- * International Donors
- * Consulting Companies
- * Universities
- * Research Institutes
- * Public promotional agencies
- * Diplomatic Missions.
- * Local Governments
- * Policy Institutions/ NGOs
- * Multilateral Institutions
- * Industry Associations & Chambers
- * Media Institutions
- * Small and medium enterprises
- * Trade Promotion Organisations
- * Research Councils

Publications & Documents

Gender and Enterprise in India: Key Issues in 2015	2015	ISED Policy Briefs
India Micro Small and Medium Enterprises Report - 2015	2015	Report
India: MSMEs under Co Operative Federalism	2015	ISED Policy Briefs
India: Start-ups, Skills, and Entrepreneurship	2015	ISED Policy Briefs
India's MSMEs in 2015: Lessons from the Sub sectors	2015	ISED Policy Briefs
India's MSMEs: Beyond 2015	2015	ISED Policy Briefs
Kerala Enterprise Development Report 2016	2016	Report
MSMEs in India: Focal Themes in 2015	2015	ISED Policy Briefs
MSMEs: Public Policy and Policy Institutions	2015	ISED Discussion Paper
MSMEs: The Growth and Transition Agenda	2015	ISED Policy Briefs
Rural MSME Scene in India: Towards Structural changes	2015	ISED Policy Briefs
Small and Medium Enterprises: The Global Story 2015	2015	MSME Mirror
The Story of MSME Finance 2015	2015	ISED Policy Briefs
Rural Services Sector in India: Structural Changes and Implications for Policy		Report
Institutional Finance for Women Enterprise Development: Issues and Policies		Report
The Present State		
= Ease of Doing Business		
=Other Titles		

India MSME Communication Programme





Way Forward

The Institute of Small Enterprises and Development and its history have been transformational. During the year under report, the organisation has taken several steps to broad base its activities, and to bring in new elements that can ensure and enlarge its reach within the MSME constituency and beyond.

The Institute has enhanced its capabilities to address the so-called **invisibility syndrome** that shrouds the MSME constituency. On the other hand, several attempts were taken to disseminate such message beyond its traditional circles. More specifically, the ISED Small Enterprise Observatory has been trying to consolidate its position as a unique knowledge hub, and to outreach its message through the Observatory Mirror, that reaches thousands of stakeholders within India and abroad.

ISED is focused on becoming an impactful organisation by repositioning itself as part of a large network that strives to find solutions to the pressing problems of the economy through micro small and medium enterprises. There are, obviously, areas of conflicts and stalemate, where the track record and the feel that we get from the field have helped to explore and to arrive at solutions.

The attempts of the ISED during the coming years would be to consolidate its position as a knowledge organisation, while at the same time, striving to take forward such a strength to be of help to the day to day problems faced by the entrepreneurs.

In the coming years, ISED will work to further increase its reach and impact, and to deepen efforts in becoming an organisation that builds on its learnings, and shares them to the benefit of the society at large. ISED will also focus on collecting ground level evidences and identifying models from its work through its various activities and Knowledge Centres



2016-17



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Report from the Knowledge Centres

CENTER FOR ENTERPRISE DEVELOPMENT

The Centre for Enterprise Development co-ordinates various activities focused on enterprise creation and entrepreneurship. The supply of enterprises and entrepreneurship is central to 'sustainable development' throughout the world. A prerequisite in this regard, is an entrepreneurial approach in the development process. Action for enterprise development should be focused on releasing the entrepreneurial potential of individuals and communities, such that these, in turn, get translated into income-earning opportunities. Hence, the talk about reducing poverty and enhancing quality of life of the people should be preceded by creation of an entrepreneurial approach across society. This, in turn, gets translated into incomes and employment. Enterprises are not simply the concern of entrepreneurs and the government. The whole community should participate in enriching the right values, attitudes and capabilities. On the other hand, industry should respond positively to the concerns and urges of the society. Hence, researching, kindling the entrepreneurial spirit through interventions, and providing relevant knowledge base, are central to the process of enterprise creation in any economy. This Centre, therefore, focuses on knowledge creation, dissemination and communication.

2.CENTER FOR SOCIAL DEVELOPMENT

'Sustainable development' means not only economic development of a sustainable nature, but also translating the fruits of development into enhanced quality of life. Therefore, the focus on social development is central in any 'sustainable development' approach. Centre for Social Development seeks to translate this vision into practice through studies, HRD interventions and other activities related to social development. Areas such as health, education, and social capital, are crucial in this regard. This Centre also deals with the social dimensions of enterprise development. Enterprise as a subject cuts across the traditional economic sectors, and hence, one can decipher an entrepreneurial approach even in the so-called 'social sectors'. Labour market, for instance, is a vital area which links enterprise and education, which often has been discussed under the rubric, 'services'. The Institute, since inception, has undertaken several studies on various social sectors, and, in some cases, have contributed to policy making in the country.

3.CENTER FOR PUBLIC POLICY STUDIES

In much of the development discourses, the role of public policy has not been adequately addressed. Irrespective of the concerns and good intentions of programmes and interventions, it is public policy which shapes the society into what it is. On the other hand, policy in itself, is a reflection of the society we live in. The importance of a focused attention on public policy lies in the fact that, it is a vital factor which shapes markets and human behaviour. Seen from this angle, the studies at this Centre are anchored on two aspects: (a) policy architecture; and (b) the impact of policies.

4.CENTER FOR RESPONSIBLE BUSINESS

The Institute realizes the fact that a "responsible business" approach is crucial for making 'enterprise' a sustainable activity which shapes the history of countries and peoples. While businesses need to be socially responsible in terms of internationally accepted principles of corporate social responsibility (CSR), it is also important that such social responsibility should encourage emergence of new businesses at the "bottom of the pyramid ". The primary mission and major task of the Centre is to reinterpret the 'responsible business' agenda in the context of local economic development and nurturing of entrepreneurial capabilities at the local level.

5. NEW ECONOMY & LOCAL ECONOMIC DEVELOPMENT CENTER (NEWLED)

The logic of globalization, on the one hand, and local economic development, on the other, are often distinct. The relationship between the two need concrete thinking and action. The 'new economy' is a reality. How to make it useful to the interests of the masses, is a challenge. This requires a new policy approach, quite different from the traditional "balanced regional development" approach.

6.CENTER FOR FINANCIAL EDUCATION AND RESEARCH

Access to finance is a critical factor which influences the distributive dimension of economic growth. However, this dimension is conditioned by both subjective and objective factors. While 'financial inclusion' is a laudable objective of public policy in many countries, the constraints to this are often examined at the peripheral level. While, on the one hand, there is inadequacy of knowledge and practice, which limits peoples integration with the financial system, the mainstreaming of finance with the entrepreneurial power of the community does not happen spontaneously. This demands interventions, including research, financial education, and initiatives for strengthening synergies between finance, and economic activities. This Centre is on a continuous search for such areas of intervention.