



■ Activities & Deliverables

PIC aims is to promote cooperation among firms and relevant stakeholders in clusters by forming networks around complementarities and individual strengths and desire for a win-win situation for all contributors. Networks involving MSMEs are the primary stakeholders in this project for promoting innovation in clusters. The activities of the project are divided into two phases and are like below:

1st Phase - Nov 2007-March 2009

- Framework Building:
 - Drawing lessons from international best practices.
 - Mapping Indian clusters to identify innovation potential for field action
- Fostering Innovations in select traditional and modern clusters by:
 - Supporting innovative proposals (in Medical disposables - Ahmedabad and Sports Goods Cluster-Jalandhar)
 - Carrying out multipronged support activities (in Agri - implements - Karnal, Textile Knitwear Machinery-Ludhiana, Foundry-Samalakha, Minor Forest Produce - Betnoti, Orrissa)

2nd Phase - April 2009-March 2012

- Project will continue activities in the Foundry sector. Interventions will be scaled up from Samalakha to other clusters in North India.
- New Initiatives will be launched in the sectors of :
 - Life Sciences (Pharmaceutical, Medical devices, Traditional medicines etc.) at Hyderabad and Ahmedabad-Vadodara Clusters.
 - Information and Communication Technologies (ICT)& Cognitive Sciences
 - Development of Methodology for developing cluster based innovation eco-system and training program on it.
 - Framing policy recommendations to foster innovation in MSME clusters.

About Foundation for MSME Clusters:

The Foundation for MSME Clusters is a non-government, not-for-profit registered Trust conceived at the suggestion of the Ministry of MSME, Govt. of India by the Entrepreneurship Development Institute of India (EDI), Ahmedabad with technical support from the UNIDO Cluster Development Programme in India. The Foundation is steered by a Board of Trustees with support from a Governing Council under the Chairmanship of Prof. Y.K. Alagh, former Vice-Chancellor of the Jawaharlal Nebru University, former Union Minister of State of Science and Technology and currently the Vice-Chairman of Sardar Patel Institute of Economic and Social Research as well as Chairman of Institute of Rural Management, Anand (IRMA).

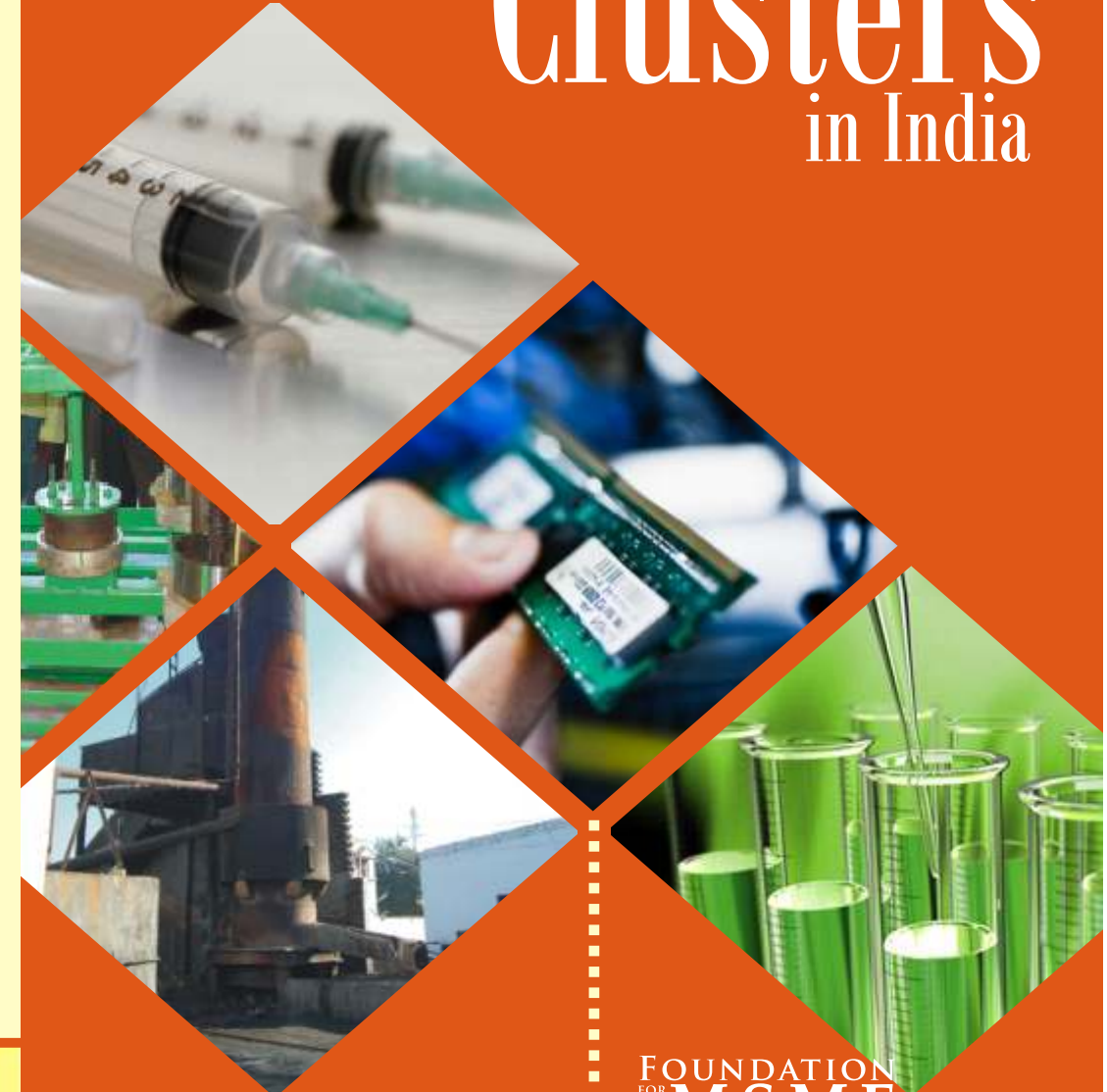
The Foundation strives towards:

- Making cluster initiatives inclusive;
- Developing policy prescription, implementation, methodologies, tools, and information and resource bases.
- Promoting effective linkages between clusters and thematic institutions
- Capacity building of professionals and institutions to facilitate cluster-based development and

All these are targeted towards creating an economically progressive, socially connected, environmentally sustainable and spiritually rooted world composed of interconnected yet diverse local socio-economic systems. For this the Foundation also relies on a pool of distinguished national and international experts.

The team members of the foundation have extensive experience in executing cluster development initiatives across 15 sectors in India. The core team members of the Foundation have provided advisory, research, advocacy and training based support to over 10 public institutions in India and similar institutions in 8 developing economies. The range of clients include a number of national and international agencies including DC(MSME) Ministry of MSME, Government of West Bengal, Kerala Bureau of Industrial Promotion(KBIP),GTZ(German Agency), SEDF-IFC (The World Bank Group), SDC (Swiss Agency), UNIDO, UNDP and Government of Iran. The team has a unique advantage of developing solutions with a seamless blend of policy and practice, economic and social dimensions, growth and equity, especially relevant to developing and transition economies.

Promoting Innovative Clusters in India



Project Team at Foundation:

Project Director:-Mr. Mukesh Gulati

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An Initiative by Department of Science and Technology, Government of India

The Concept

Industry clusters are known to give rise to collective benefits. They enable the creation of specialized technical and financial services provided there is a conducive environment built on strong linkages with demanding markets, inter-firm rivalry, mutually reinforcing relationships and availability of specialized services. Clusters offer several real and potential advantages for small firms that can be harnessed with appropriate external interventions.

Considering the potential that clusters hold; public development agencies in several developing and developed economies have launched various initiatives to help SMEs become competitive. Such initiatives in the developed economies have also helped the SMEs create new products and services thus generating new wealth creation avenues among their countries.

Indian public institutes have, since the year 2000 launched , 24 cluster based initiatives across more than 1200 clusters(out of estimated 6500 clusters) with a financial outlay of about Rs. 7000 crores (USD\$1.4 billion). All these initiatives have either focussed on helping alleviate poverty, sustain employment or build competitiveness. Little has been done to promote innovations among micro, small and medium enterprises (MSMEs) across clusters. An initiative that fosters creation of new knowledge based products/services and diffusion of existing know how among different type of clusters is required to create new wealth and correspondingly build long term competitiveness and help alleviate poverty by generating employment.

With globalisation and rapid pace of knowledge creation and technological evolution i.e. emergence of new technologies (like ICT), a nation's capacity to innovate is going to be the key differentiator for its overall competitiveness irrespective of the references i.e. markets (international, national or local), sector (high tech., traditional manufacturing, artisanal based or agriculture), area (developed or backward geographies) and firms (big or small).

Innovation Challenge

Indian Eleventh Five year Plan 2007-2012 acknowledges the challenge of creation of a strong and vibrant innovation eco-system for faster and inclusive economic growth affecting all sectors of economy and diverse social strata.

It outlines following elements as required for Innovation ecology:

- An education system which nurtures creativity.
- An R&D culture and value system which supports both basic and applied research and technology development.
- An industry culture which is keen to interact with the academia.
- A bureaucracy which is supportive.
- A policy framework which encourages young people to enter into scientific careers and
- An ability to scan scientific developments in the world and use technology foresight to select critical technologies in a national perspective.

The Project

Department of Science and Technology (DST), Ministry of Science & Technology, Government of India has initiated a Programme (since November 2007) on Promoting Innovative Clusters (PIC) which envisions promoting innovation among MSME clusters. Project aims to promote collective research, development and foster learning to develop new products, processes, technologies and services in clusters by facilitating inter-firm and inter-institutional linkages relevant to the specific contexts of clusters. The project, envisages the development of cluster based 'innovation eco-system' at national, regional and local levels. It is an action research project and the intent is to foster innovation among select few clusters with diversity and promise. The proposed project initiative is for five years (2007-2012)

Objectives of the project are:

- To promote innovation and creativity in existing clusters to help MSME achieve high growth.
- To develop innovation model(s) for MSMEs cognizant of the Indian reality.
- To formulate a road map and develop capacities of institutions for promoting Innovation Clusters in India

Defining Innovation

Innovation is defined as a process by which varying degrees of measurable value enhancement is planned and achieved in any commercial activity.

	Achieved by	Types	Yields attributed to
INNOVATION as a process	Introducing new or improved goods or services and/or	Sporadic/Systematic Innovation	Improved market share
	Implementing new or improved operational process and/or	Breakthrough/ Incremental Innovation	Competitiveness
	Implementing new or improved organisational /managerial processes		Increased profitability
			Reduced costs

(Innovation in India National knowledge Commission 2007).

Innovation (a single or sum of multiple inventions) occurs only when the new or improved device, product, process or system is involved in a commercial transaction and leads to production of goods and services of high or better quality at per unit price.

The Approach

In a cluster, firms may engage in networks when they cooperate among themselves and/or with institutions, buyers and suppliers to undertake activities leading to innovations. Promotion of such actions and networks around cluster specific innovation challenges is central to the project (PIC). These networks together with the other institutions and regulatory systems constitute local eco-system for innovation.

Technical and Financial support under the project will go into the making of local innovation ecosystems by fostering mutually beneficial linkages with:

- Global research and technology development institutions.
- Local MSME cluster champions and knowledge institutions within or outside the cluster.
- Venture capital funds, Angel investors and Banks/Financial institutions.
- Investors from within the cluster or outside.
- Institutes, competing firms and other networks to facilitate open learning