



E-Newsletter



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A consultative meeting of stakeholders of Chennai Leather Cluster identified by Entrepreneurship Development Institute of India (EDII), Ahmedabad was organized by EDII and Pallavaram Tanners Association on 26 March 2014 in meeting hall of PTA in Pallavaram.

The objectives of the meeting were (a) to present the study conducted by Dr. Murali of EDII on the impact of the first phase of Business Development Service (BDS) Providers Market Development Project which was implemented from 2009-2011 and a diagnosis of further requirements of such services in the Chennai leather cluster (b) to present the action plan for the next three years prepared based on the diagnostic study and obtain feedback from the stakeholders (c) to validate the action plan by modifying or adding or deleting the identified sub-tasks based on the expectations of the stakeholders.

The summary of discussions in the meeting is presented below.

Mr. Karthikeyan, President, Pallavaram Tanners Association (PTA) welcomed officers from SIDBI, EDII and the participants. Thereafter the action plan was presented by Dr. B. P. Murali and Dr. B. K. Naidu of EDII.

- ❖ The action plan largely focussed on (a) extending the support to the BDS and industry on the similar lines of the first phase of the programme (b) new additions suggested by ILIFO
- ❖ The first phase of the project addressed the following areas: cleaner production in tanneries, website creation, ERP deployment, SA8000 deployment, energy auditing and conservation, managerial skill development, common procurement by creating an SPV and creation of an association of footwear component manufacturers and footwear machinery companies (AFCAMMI), lean manufacturing, etc.
- ❖ The following new areas were suggested: safety at workplace, chemicals optimization in tanneries, development of a component mall for footwear industry, study tours abroad for common marketing, common raw material procurement, common facility centres for leather and footwear manufacturing and testing and environmental management systems in tanneries.
- ❖ Mr. R. Sukumar, Asst. General Manager, SIDBI mentioned that though the leather industry in Chennai is dominated by MSMEs, only very few companies avail loan from SIDBI, while many MSMEs in engineering and auto-components sectors have availed loan from SIDBI. He also mentioned that the relationship of SIDBI with leather industry in Chennai leather cluster is mainly related to the disbursement of IDLS subsidy. Mr. Sukumar mentioned two of schemes could be of interest to the MSMEs: (a) soft loan for energy conservation investments from SIDBI which is less by about 2 to 3% compared to normal term loans (b) term loan for viability gap in large investments the gap remaining after contribution by promoters and term loans, if any, provided by their bankers. He welcomed the participants to approach SIDBI for such requirements.
- ❖ The meeting was attended by leading tanners in Pallavaram, office bearers of PTA, office bearers of AFCAMMI, PTIETC, service providers associated with EDII in the first phase and officials from SIDBI. In total there were about 60 participants.

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UNIDO launched website for its Leather Panel

United Nations Industrial Development Organization (UNIDO) launched a website portal for its leather panel, <http://www.leatherpanel.org/>. The main aim is to disseminate information on the best practices in the leather and leather products industry.

Among other information, the leatherpanel.org portal contains:

Publications: An extensive collection of UNIDO's publications, manuals and reports that have are the result of more than 40 years of UNIDO's involvement in the Leather Value Chain (LVC). These reports and publications provide an opportunity to see the main issues addressed by the leather sector over past decades. For easy reference, the publications are divided into several categories: Trends (in the leather value chain), leather processing, leather products, cleaner technologies, solid wastes, tannery effluent treatments, training and trade.

E-Learning material: Training activities are an integral part of UNIDO's technical assistance programmes all along the LVC. To supplement and strengthen classroom and practical trainings, and to increase training delivery efficiency, UNIDO has integrated the use of animation into our e-learning platform. At the moment, the following courses are available:

- 1) **Introduction to the treatment of tannery effluents** (organized around five thematic training modules ; these are:
 - (1) Load, norms, in-house treatment
 - (2) Treatment options within the tannery compound
 - (3) Sludge dewatering
 - (4) Biological (secondary) treatment; and
 - (5) Occupational safety and health (OSH) and common effluent treatment plant (CETP)
- 2) **Footwear pattern engineering:** This section contains e-Learning materials which includes a variety of training lesson and exercises, tests and animated narratives. This course is divided into the following modules and sub-sections:
 - (1) Introduction
 - (2) Background
 - (3) Pattern Engineering
 - (4) Preparation; and
 - (5) Computer-aided design

Training modules 1 and 2 provide a comprehensive overview of key features of the global footwear industry; including:

Training Modules 1 - Introductory Overview:

- i. Introduction
- ii. Shoe Fashion
- iii. Foot Anatomy
- iv. Foot Measurement

Training Module 2 - Footwear Pattern Engineering

- i. Shoe Lasts
- ii. Shoe Lasts Forms
- iii. Men's Oxford Shoe
- iv. Ladies Court Shoe
- v. Ladies Sandals
- vi. Men's Sandals
- vii. Men's Derby Shoes

Although the e-Learning materials and training course work provides participants with the knowledge and training required to work in the LVC the portal is still a work in progress. Future trainings and course work are currently in the design phase and when developed will be made available free of charge to registered individuals and industry groups.

The leatherpanel.org portal also provides the additional resources; including:

Gallery: This section provides an overview of various technical assistance strategies, training activities, and links to a large number of instructional videos.

Links: There are more than 300 links to various institutions, trade and professional associations, and other international organizations working in the Leather Value Chain.

(As per the communication Mr. Ivan Kral, Industrial Development Officer, UNIDO, Vienna)

Productivity improvement - SCORE programme of ILO and LMCP of Ministry of MSME

ILO's SCORE programme

Sustaining Competitive and Responsible Enterprises (SCORE) programme is a global technical assistance programme of the International Labour Organization (ILO) that supports small and medium sized enterprises (SMEs) to grow and contribute to creation of more and better jobs by improving their competitiveness through better quality, productivity and workplace practices.

SCORE programme is being implemented in seven countries in the world varying in different industrial sectors as provided in the following fig.

The SCORE programme is based on the following five modules:

Module 1: Workplace cooperation

Module 2: Quality

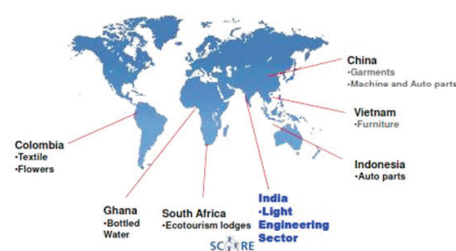
Module 3: Productivity and cleaner production

Module 4: Organize your people

Module 5: Organize your workplace

The implementation process involves visits by ILO certified SCORE trainers, classroom training sessions and factory assessment and improvement visits.

(Source: SCORE team, Chennai)



Lean Manufacturing Competitiveness Scheme

The pilot scheme of Lean Manufacturing Competitiveness Scheme (LMCS) of Ministry of MSME has been upscaled from 100 clusters to 500 clusters in 2013.

The objectives of the scheme is to enhance the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing (LM) techniques by; (a) Reducing waste; (b) Increasing productivity; (c) Introducing innovative practices for improving overall competitiveness; (d) Inculcating good management systems; and (e) Imbibing a culture of continuous improvement.

The general approach involves engagement of Lean Manufacturing Consultants (LMC) to work with selected MSMEs in the chosen clusters with financial support by the Government. Under the Scheme, MSMEs will be 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 with the application of LM techniques. The Scheme is basically a business initiative to reduce “waste” in manufacturing.

Grant of 80% of implementation fees of lean manufacturing consultant is contributed by Government spread over a period of about 18 months and thereafter the cluster member companies are expected to continue on their own. It was learnt that the during the pilot scale implementation, the companies have reduced the manufacturing costs by about 20% on average.

In this scheme, ideally 10 MSMEs (minimum 6 units) producing similar products, and having similar production process, would come together.

(For further details please visit: www.dcmsme.gov.in)

One year after Rana Plaza - European retailers continue efforts towards safer working conditions in Bangladesh

On the anniversary of the tragic collapse of Rana Plaza in Dhaka (Bangladesh), the Foreign Trade Association (FTA) and its Business Social Compliance Initiative (BSCI) highlight the efforts undertaken by European retailers and importers to contribute to the improvement of safety conditions in Bangladesh's factories. As real and sustainable changes require time, FTA stresses the importance of remaining committed and working in close collaboration with all stakeholders.

The garment sector is a major driver of economic growth in Bangladesh, leading to a decrease in poverty. The EU is Bangladesh's main trading partner and the country has become one of the major suppliers for the European apparel sector. As underlined by Jan Eggert, FTA Director General, the influence of trade and the European garment sector on the reduction of poverty and increase in social development in Bangladesh is unquestionable. Still, the tragic incident of Rana Plaza has highlighted that building safety and construction integrity are chronic issues within the Bangladesh industry. *“FTA strongly encourages all initiatives that aim to support Bangladesh to remain a strategic EU commercial partner by addressing the need for a more transparent and safer garment sector in Bangladesh. Such initiatives are good for the workers, for the Bangladesh economy as well as for the European consumers. Free trade and sustainable supply chains are two principles that we consider key in creating suitable paths for the development of the country”.*

BSCI Companies Strongly Involved in the Efforts of the International Community

BSCI has been encouraged by the quick response of the international community to put in place coordinated efforts to improve factory safety and construction integrity. As one of the major supplying countries for its members, BSCI has

supported the Bangladesh National Tripartite Action Plan developed under the auspices of the International Labour Organisation (ILO) and welcomed the Accord on Fire and Building Safety which brings together trade unions and retailers from all over the world to develop efficient infrastructure inspections and remediation measures. BSCI believes those responses can complement its own measures.

“FTA has encouraged BSCI participants to join the Accord and we are pleased that 40% of the total signatories are BSCI participants, which clearly demonstrates their commitment to this endeavour”, explains Lorenz Berzau, BSCI Managing Director. Furthermore, BSCI has also raised awareness and has invited its members to contribute to the International Rana Plaza Donors' Trust Fund that was recently established by ILO to compensate individuals and families affected by the Rana Plaza incident. As a brand representative, Bernardo Cruza, Acting Chair of the BSCI Steering Committee, is also a member of the Rana Plaza Coordination Committee which organises the Arrangement of this fund.

FTA Involved in High Level Political Dialogue

Companies have taken their share of responsibility, but for a sustainable change to take place, BSCI called on all stakeholders to continue fruitful cooperation, especially national authorities. *“FTA has called on the Bangladesh government to create the appropriate regulatory framework to fulfil its obligation to ensure workers' rights. The new labour law adopted in June 2013 must be strongly enforced to give workers the protection they need”,* stressed Mr. Berzau.

In addition, FTA has engaged in intense discussions at political level with representatives of the European Parliament and the European Commission. Dialogue has also taken place at the national political level with local stakeholders in Bangladesh.

BSCI's Safety Assessment and Training Reinforced

BSCI has also placed an added focus on its system, adapting its approach towards Health and Safety criteria. The initiative has made its evaluation of safety standards stricter and has improved the alert system that notifies companies when labour non-compliances have been identified in the Health and Safety area. In addition, training activities for factory management were adapted to place more emphasis on fire safety standards in Bangladesh. Eleven of these workshops were conducted in the country in 2013 in cooperation with the Worldwide Responsible Accredited Production (WRAP) and four more are scheduled for 2014. Lorenz Berzau, BSCI Managing Director, said: *"24 April is a sad day and our thoughts will be with the victims of this immense tragedy and their families. The efforts which have been put in place over the past year are encouraging. A lot still needs to be accomplished, while commitment and close cooperation must be maintained to bring safer working conditions to the Bangladesh industry."*

(Source: Communication from BSCI, Germany)

Productivity improvement training programmes in Triple Helix Industries

A series of training programmes in improving the productivity improvement, occupational safety and health related aspects, better ways of material handling, good housekeeping, soft skill improvement and chemical spillage control measures were conducted in Triple Helix Industries. The target group for these training programmes includes partners, managers, office staff, technical supervisors, shop floor production coordinators and shop floor employees including machine operators and helpers. These training programmes are part of the social, environmental and quality compliance measures being adopted by the tannery on the insistence from the buyers.



Indian Leather Industry Foundation (ILIFO) has been organizing the improvement measures in this tannery by guiding them in improving the measures for occupational safety, water conservation and organising the various training programmes.

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