

CLUSTER DEVELOPMENT AND BDS PROMOTION: UNIDO'S EXPERIENCE IN INDIA

- * SME CLUSTERING
- * RATIONALE FOR EXTERNAL INTERVENTION
- * UNIDO CLUSTER PROJECT IN INDIA
- * CASE STUDY: JAIPUR, HAND-BLOCK PRINTING
- * CONCLUSION

FEATURES OF A SUCCESSFUL CLUSTER

- * Critical mass of similar/related enterprises
- * High level of cooperation (trust)
- * A common development vision (trust)
- * Skilled workforce (BDS)
- * Specialized services and infrastructure (BDS)
- * Access to information (BDS)

FACTORS HINDERING CLUSTER DEVELOPMENT

- * Lack of **trust**: high transaction costs
- * Poorly developed **BDS** markets
- * Non-conducive legal framework for cooperation

UNIDO CLUSTER APPROACH

✧ Objective: Develop an efficient system of relations

- Promote a cluster development vision
- Build the capacity of cluster institutions

SME CLUSTERS IN INDIA

- ✦ Relevance of SME clustering in India: 350 industrial clusters (60% of manufacturing export)
- ✦ The majority of Indian clusters do not fulfill their potential

UNIDO CLUSTER PROJECT IN INDIA

- ✦ Objective: build national capacities to enhance competitiveness of the existing clusters
- ✦ Selection criteria for clusters:
 - contribution to the economy
 - market potential
 - type (industrial/handicraft)
 - linkages with other sectors
- ✦ Clusters selected: Jaipur, Pune, Ludhiana and Tirupur

PROJECT ACHIEVEMENTS

- ✧ **Cluster development has become a priority in the Government agenda**
- ✧ **Five states are undertaking cluster development initiatives and several SME support institutions and development banks are involved**
- ✧ **In the clusters assisted:**
 - trust and cooperation has increased
 - local institutions have been strengthened or created
 - new BDS have been promoted
 - almost 800 firms have directly benefited from the project

CLUSTER DEVELOPMENT IN JAIPUR

* New vision for the cluster

- Target **Up Market** with taste for ethnic, eco friendly, quality products in India, EU, USA and Japan.

* How ? Through capacity-building at

- firm level: through BDS
- cluster level (support institutions)
- policy level (state)

TRUST-BUILDING IN JAIPUR

- * Pilot sales training of young artisans - (bitter with screen/ exporters)
- * Involvement of parents in joint projects (infighting)
- * Formation of several self-help groups (none earlier)
- * Revitalization of cooperative society of artisans (virtually dead)
- * Reorienting BDS (not available/ not sought)
- * Creation of a consortium of textile exporters (COTEX)

PROVISION OF NEW BDS

- * Training on display in national/ international fairs
- * Development of new designs
- * Dye preparation and its efficient usage
- * Training on improved processing (bleaching/dyeing)
- * Building common brand

CONCLUSION

- ✦ Advantages of working in a cluster
 - Support intervention is facilitated
 - Best practices are easily disseminated
 - Cost-effectiveness is enhanced
- ✦ Relevance for many developing countries for both handicraft and industrial products
- ✦ Synergies between cluster development and promotion of BDS markets
 - Articulating demand
 - Improving/customizing BDS