

विकास आयुक्त का कार्यालय

(सूक्ष्म, लघु एवं मध्यम उद्यम)
सूक्ष्म, लघु एवं मध्यम उद्यम मंत्रालय
(भारत सरकार)

निर्माण भवन, सातवीं मंजिल, मौलाना आजाद रोड,
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OFFICE OF THE DEVELOPMENT COMMISSIONER
(MICRO, SMALL & MEDIUM ENTERPRISES)
MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES
GOVERNMENT OF INDIA

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No. 17(2)/UNIDO/PMTEE/PSC/2018

Dated:19/02/2018

MEETING NOTICE

Subject: **3rd Meeting of the Project Steering Committee (PSC): UNIDO GEF Project "Promoting Market Transformation for Energy Efficiency in MSMEs"-reg.**

I am directed to communicate that 3rd meeting of Project Steering Committee (PSC) of UNIDO GEF Project "Promoting Market Transformation for Energy Efficiency in MSMEs" has been scheduled under the Chairmanship of Additional Secretary & Development Commissioner (MSME) as detailed below.

Date : **21st February, 2018 (Wednesday)**

Time : **4.00 PM**

Venue : **Committee Room, Office of the Development Commissioner (MSME), Room No. 703, 7th Floor, Nirman Bhawan, New Delhi.**

2. The proposed agenda for the meeting are as under:

- (i) Review of the progress (Presentation by National Project Coordinator, UNIDO).
- (ii) Review of action taken on decisions of second PSC Meeting held on 21.02.2017 and confirmation of last PSC minutes.
- (iii) Work Plan (2018-2019).
- (iv) Any other points with permission of chair.

3. The agenda papers for the Meeting are attached at Annexure-I. It is kindly requested to make it convenient to attend the same as per schedule and confirm.

Encl: As above

(Rakesh Kumar)
Dy. Director (NMCP)
Ph.: 011-23062221

To,

- 1) Mr. Nikunja Kishore Sundaray, Joint Secretary, Ministry of Environment, Forest & Climate Change, Government of India, Room No. A-232, Agni Wing, Indira Paryavaran Bhavan, Jor Bagh Road, New Delhi - 110003. Tele: 24695281 Fax: 24695283 Email: js.nksundaray@gov.in

- 2) Ms. Ravneet Kaur, Joint Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Room 227 A-I, Udyog Bhawan, New Delhi - 110011, Tel:2306 3838, jsii-dipp@nic.in
- 3) Mr. Abhay Bakre, Director General, Bureau of Energy Efficiency, Ministry of Power, Government of India, 4th Floor, Sewa Bhavan., R K Puram, New Delhi - 110066, Tel: 2617 8316; Fax: 2617 8328, Email: dg-bee@beenet.in; mdeore@beenet.in
- 4) Mr. Sanjaya Shrestha, Industrial Development Officer, Energy and Climate Change Branch, **UNIDO** Head Quarters, Vienna, Austria Email: s.shrestha@unido.org
- 5) Shri Rene Van Berkel, UNIDO Representative in India, UNIDO, UN House, 55-Lodhi Estate, New Delhi -110003, R.VANBERKEL@unido.org.
- 6) Mr. Saurabh Kumar, Managing Director, Energy Efficiency Services Ltd., 4th & 5th Floor, IWAI Building, A-13, Sector-I, Noida - 201301 (U.P.) Ph: 0120-4908000, Email: skumar@eesl.co.in, spgarnaik@eesl.co.in
- 7) Mr. Sanjay Goyal, General Manager, Small Industries Development Bank of India (SIDBI), 12th Floor, Videocon Tower, Rani Jhansi Road, Jhandewalan Extension, New Delhi - 110055, Delhi, Ph: 011- 23535395, Fax:011-23682462, Email: sgoyal@sidbi.in; rajivkr@sidbi.in

Copy to for information please:

- 1) PS to AS&DC(MSME)
- 2) PS to JS & ADC, O/o DC MSME
- 3) PS to JDC (MSME), O/o DC MSME

Draft Agenda for 3rd Meeting of the Project Steering Committee (PSC): UNIDO GEF Project "Promoting Market Transformation for Energy Efficiency in MSMEs"

Date: 21.02. 2018 Time: 4.00 P.M.

Venue: Committee Room, Office of the Development Commissioner (MSME), Room No. 703, 7th Floor, Nirman Bhawan, New Delhi.

The proposed agenda for the meeting is as under.

- (i) Minutes of the last PSC meeting and brief overview of the project alongwith status of physical and financial achievement as on date (Presentation by National Project Coordinator, UNIDO).
- (ii) Review of action taken on decisions of Second PSC Meeting held on 21.02.2017 and confirmation of last PSC minutes.
- (iii) Work Plan (Presentation by EESL)
- (iv) Any other points with permission of chair.

Agenda item No.1:

Confirmation of the Minutes of 2nd PSC meeting held on 21.02.2017. Minutes were circulated. No comments received.

Agenda item No.2:

Minutes of the last PSC meeting and brief overview of the project alongwith status of physical and financial achievement as on date (Presentation by National Project Coordinator, UNIDO).

A detailed presentation reflecting overview framework of the project, summary of last PSC meeting, the status of the project and action taken is to be made by NPC, UNIDO.

Second Project Steering Committee (PSC) meeting was held on 21.02.2017 under the Chairmanship of AS&DC (MSME). The minutes of the second PSC meeting is enclosed at **Annexure -1**. Following are the summary of progresses made so far after the Second PSC meeting:

2. A. Ground Work at Jalandhar forging and casting cluster:

1. Brainstorming Workshop at Jalandhar/Ludhiana/ Batala forging and casting cluster: As a follow-up to the earlier brainstorming workshop that was held at Ludhiana in the month of February, 2017, a focused group discussion on the thematic topic of 'Energy Efficiency for Ludhiana-Batala-Jalandhar Forging & Casting cluster' was held at Jalandhar, Punjab on 23rd March 2017 at Sarab Multiplex, Jalandhar, Punjab. The detailed deliberation revealed that the Detailed Project Reports prepared under BEE-SME programs for the cluster has lost its relevance as most of the technologies recommended have already been implemented in the sectors. In Jalandhar, almost all the foundry units have already replaced rotary furnace with Induction furnace. Some of the units have also gone a step ahead to implement latest upgraded model of the induction furnace. The discussion also revealed that the concept of divided blast cupola is quite common in the cluster.

For forging, there are around 70 to 80 units, out of which 60% of the MSMEs have implemented induction heating; whereas the balance 40% is still using conventional heating. Also, 90% of the units are using lathe machine and only 10% of the units have shifted over to special purpose or CNC machines.

2. B. Ground Work at Odisha Sponge Iron and Steel Cluster:

1. Scoping Study: Joint team of UNIDO & EESL along with the local consultant, visited the cluster of Odisha Sponge Iron during the period of 3rd to 7th April, 2017. The team visited seven representative industries from the cluster and conducted the kick off meeting with Odisha Sponge Iron Manufacturers Associations and ASSOCHAM, Rourkela Chapter.

2. Video Graphic Study: The video graphic baseline study of the Odisha Sponge Iron and Steel Cluster has also been accomplished in this month successfully. The documentary has attempted to capture the current energy

utilization profile as well as the measures that has been in adoption so far and highlight the gaps thereof in the backdrop of the project.

3. Brainstorming Workshop at Rourkela, Odisha: The Odisha Brainstorming Workshop was successfully held at Rourkela on 7th June, 2017. The workshop was attended by more than 50 industry entrepreneurs from the Odisha Sponge Iron and Steel Cluster. The workshop was aptly supported by the two major industries association 'Odisha Sponge Iron Manufacturers Association' (OSIMA) and 'Rourkela Chamber and Commerce and Industry' (RCCI).

2.C. Ground Work in the Jodhpur Limekiln Cluster:

1. Investigation of the potential technology for the Jodhpur Limekiln Cluster: A visit was made by joint team of EESL and UNIDO to the Jodhpur limekiln cluster during the period of 26th to 28th July, 2017 to make a deeper study into the process of limekiln manufacturing and the energy efficiency possibilities. Mr. A K Asthana from GIZ also accompanied the team as an energy expert. It was reported that there are around 250 limekiln MSMEs in the cluster and these units are having total of 400 limekilns engaged in lime (hydrated & quick lime) production spread across three districts of Rajasthan namely Jodhpur, Nagaur and Pali. The mines which are supplying limestone to these units are located close by in a radius of 10 kms. from the cluster. From the study it appears that the growth curve of the Limekiln Industries looks limited and in that scheme of things, the potential of EE technologies seems also very limited, specially for the smaller capacity of the plants. Only technology that appears feasible are the 'Energy Efficient motors' and for other technologies to apply, more research and feasibility studies are required to be conducted. The bigger capacity plants does not falls under the category of MSME and beyond of purview of this project.

2.D. Ground Work in the Jorhat Tea Cluster:

1. Organisation of the Brainstorming Workshop at Jorhat Tea Cluster: The tea cluster in Assam is one of the 10 target clusters under the GEF5 Market Transformation for Energy Efficiency project. A brainstorming workshop was convened on 21st November 2017 to discuss findings and start identification of replicable energy efficiency techniques. Key energy related options discussed included:

- Burner efficiency and ventilator optimization for withering troughs
- Possible applications for solar energy, including solar drying/withering, solar process heat and/or PV
- Motor efficiency for CTC tea machinery, possibly including variable speed drivers
- Fuel and heat efficiency for tea drying
- Possible bio-energy from tea garden and tea factory organic waste (prunings and fiber)

Industries representative requested further detailed energy audits in few representative MSMEs to confirm suitability of options identified. It is urged that the audits be conducted during present growing season itself which is expected to continue until approximately 15 December 2017.

2. Energy Audit study at Jorhat Tea Cluster: Energy audits has been carried out through engagement of professional certified energy auditor along with a team of engineers from EESL. The results would help in zeroing-down to the few selected prospective technologies for pilot demonstrations. The audit report is expected to be submitted by the month of February 2018.

2.E. Contractual Formalities with EESL:

1. Finalization of ToR and Signing of contract with EESL: In the final process of signing the contract with EESL, the 'Terms of Reference' (TOR) has been modified in the backdrop of the new-found ground realities that were reflected in the preliminary scoping studies carried out in the six industrial clusters and the video-graphic baseline studies. The recommendations as evolved in the 2nd PSC meetings has also been incorporated in the modified ToR. The execution contract has been signed with EESL in the month of October 2017 keeping in provision of the GEF-5 framework modalities.

2. Submission of Work Plan by EESL: A comprehensive work plan has been submitted by EESL (**Annexure-2**). The work plan includes the description of EESL's approach and methodology to achieve the project goals in detail. An activity chart is prepared as a part of this work plan which provides the time-line specifications to complete the project as per dedicated time. Apart from this, a Human Resource management plan is also submitted, wherein HR engagement in projected.

2.F. Cluster Analysis

1. Secondary Research & Data Analysis of Clusters: Thorough data analysis and secondary research has been completed by EESL in the month of January 2018, covering 30 nos. of clusters (includes shortlisted clusters by GEF and potential clusters that can be included) on the basis of following parameters:

- No of SMEs
- Absolute Energy Consumption
- Energy Density
- SEC-Specific Energy Consumption
- Contribution to Industrial GDP
- Potential Improvement
- Investment Potential
- Energy cost as a % of Manufacturing Cost.

This exhaustive analysis will support in finalization of clusters by 28th February 2018.

2.G. Review of Progress by the O/o DC MSME Office:

1. Meeting with Joint Development Commissioner, MSME: On 24th August, a joint meeting was held in the office of Mr. Sanjay Bisariya, JDC (MSME). Mr. Sanjaya Shrestha from UNIDO Vienna office was also present in the office. In the meeting, the progresses made so far in the Market Transformation project was briefed by the NPC. On the suggestion of JDC,

MSME a brief summary document has been prepared reflecting the developments made so far and has been shared with JDC, MSME on 28th August 2017 (**Annexure-3**). NPC requested for a further date for discussion on the up-coming action plan.

2. Meeting at the office DC MSME: A meeting was held in the chamber of AS&DC (MSME) on 28th November 2017 to discuss the progress and way forward. The meeting was attended by the following officials:

1. Sh. Sanjay Bisariya, JDC (MSME), Office of DC (MSME)
2. Sh. Van Berkel Rene, UNIDO representative, India
3. Sh. Debajit Das, National Project Coordinator, UNIDO

Mr. Sanjay Bisariya, JDC (MSME) explained the basic framework of the project and Mr. Debajit Das, NPC (UNIDO), elaborated on the progress made so far. AS &DC (MSME) suggested the team to proceed ahead with the planned activities. He also emphasized the need of developing a comprehensive proposal jointly between DC (MSME) office and UNIDO, so that ever increasing number of MSMEs could be touched upon by the efforts of the Ministry of MSMEs.

3. Meeting with Joint Secretary & ADC, O/o DC (MSME): A meeting was held in the chamber of JS & ADC on 22nd January 2018 to discuss on the progresses made so far and also on way forward. The record note of discussions of the meeting is attached herewith (**Annexure-4**).

2.H. Meeting with SIDBI:

Follow-up meeting was held with SIDBI on 12th January 2018. In the meeting it was briefed that Small Industries Development Bank of India (SIDBI) & Bureau of Energy Efficiency (BEE) are executing a project titled "Financing Energy Efficiency at MSMEs in India" (FEEMP). This project is being implemented by The World Bank as part of the Global Environment Facility (GEF) Programmatic Framework. Under the project, Detailed Energy Audits (DEA) along with Resource Efficiency studies were conducted through various reputed Agencies and Implementation support provided for suggested Energy Efficiency (EE) measures in over 800 MSMEs; and Unit specific reports of Investment Grade Detailed Project Reports (IGDPRs), Implementation completion reports and third party verified reports i.e. Measurement & Verification (M&V) were prepared. All Digitized reports were uploaded on a Master Database, and it has now become an excellent Tool to estimate Potential Energy & Monetary Savings and suggest suitable EE Measures existing in any similar sector MSMEs, based on the Repository of previous Audits. The tool will benefit MSMEs, Banks & Financial Institutions, Technical Consultants, Energy Audit Professionals, etc., with the objective of knowledge sharing and scaling up EE Interventions at MSMEs.

It was further apprised that ISTSL who is a subsidiary organisation of SIDBI has launched an EE Saving Tool. The Energy Savings Assessment Tool for MSMEs is a reliable system that generates credible Energy Assessment reports and is available to MSME stakeholders, Financial Institutions and Energy Experts alike. While the Pre-Login version of the application provides

a prompt and brief Analysis, a detailed report along with Recommendations would be generated Post-Registration and Login. Registered Users will also benefit from graphical Dashboards for overview; Utility Tools for Equipment Analysis; and detailed EE Measures Evaluations. Specifically for the MSMEs it is expected that the tool will be useful to MSMEs to give them first hand information about various Clusters' / Sectors' Energy Efficiency Measures implemented by similar MSMEs, estimate Potential Energy Savings compared to similar MSMEs, understand Equipments' / Utilities' performance, identifying the potential Energy Savings Measures, and associated Investment and Payback Period.

Agenda item No.3:

Review of action taken on decisions of Second PSC Meeting held on 21.02.2017 of last PSC minutes.

(i) Following are the follow-up action taken with regard to the Second PSC Meeting:

Sr. No.	Matter Discussed	Action Taken/Status
1.	Major activities taken up under the project: 1. Setting up of the PMU office at "East Block 7, Level 5, R.K. Puram, New Delhi 2. Short scoping study at Vellore(Rice mills), 3. Surat (Textile), 4. Vapi (Dye & Chemical), 5. Ludhiana-Jhalandhar-Batala (Forging and Casting), 6. Jorhat (Tea Cluster)	1. Done / Completed 2. Completed–Final report received 3. Completed–Final report received 4. Completed–Final report received 5. Completed–Final report received 6. Completed–Final report received
2.	Jorhat Tea Cluster is having lower energy intensity. These kinds of clusters are worth considering under the umbrella of this project & advised that further study may be done on this cluster. The industries sought assistance from DC (MSME) office for arranging Training for the Technicians in this region in the field of VFD so that common frequently occurring faults could be attended locally. VFD market is very much developed by now and many industries are using it.	A brainstorming workshop was convened on 21 st November 2017 at Jorhat to discuss findings and start identification of replicable energy efficiency techniques. The workshop was attended by representatives of Ministry of MSME, EESL, MSME Development Institute (Guwahati) and Tea Development Board, as well as representatives of about a dozen tea factories. Key energy related options discussed included: <ul style="list-style-type: none"> ○ Burner efficiency and ventilator optimization for withering through ○ Possible applications for solar

		<p>energy, including solar drying/ withering, solar process heat and/or PV</p> <ul style="list-style-type: none"> ○ Motor efficiency for CTC tea machinery, possibly including variable speed drivers ○ Fuel and heat efficiency for tea drying ○ Possible bio-energy from tea garden and tea factory organic waste (prunings and fiber)
3.	Environmental issues of the Pali cluster, currently the cluster MSMEs are not working and the future situation looks uncertain.	<p>In view of Pali Textile and Varanasi Brick kiln cluster being dropped from the final list of clusters, office of DC MSME has suggested to explore new potential clusters. State of Meghalaya and Uttarakhand has been explored by joint team of UNIDO and EESL for considering a prospective cluster. The outcome of the study as well as a detail analysis of other prospective cluster would be presented by EESL in the PSC meeting.</p> <p>(PPT by EESL)</p>
4.	For the selection of prospective clusters and bringing about clarity in the cluster selection process the Chairman asked to the NPC to work out a benchmark matrix so that the total project cost and energy consumption level are reflected adequately. If any cluster falls below a certain level then the matrix can be helpful in deciding whether to drop or consider the specific cluster for intervention. Both the capex and opex should be considered in the matrix and a certain percentage of energy saving should be targeted so that a significant impact from the project is assured.	<p>Draft benchmarking matrix reflecting the energy saving impact for identified clusters has been prepared by the EESL and the PMU team that would be useful for prioritisation of cluster. The same is being consolidated and would be presented in the PSC meeting.</p> <p>(PPT by EESL)</p>
5.	Preparation of a ready reckoner for approaching the industries with a concrete set of offers for implementation of new energy efficient technologies and analysis of last three-year energy data to capture the energy profile, for which industries would be asked to fill a pre-designed form and the DPRs could be updated on the basis of the outcome of such analysis.	<p>The work plan submitted by EESL and the report is still awaited.</p>

6.	Survey through which a list of 100 willing industries (against the identified/prospective technologies) from each cluster may be prepared.	The work plan submitted by EESL and the report is still awaited.
7.	Identification of the qualifying MSMEs (units who shares the past three-years electricity bills and the production data) where required energy audit could be initiated, good business case would then be presented in front of these willing group of industries. At least 100 Enterprises should be identified from each of the 6 clusters and the same should be integrated in a web-platform. A detailed matrix should then be developed in consultation with all the stockholders for the industries which would indicate around 10-15 important parameters.	The work plan submitted by EESL and the report is awaited.

Agenda item No.4: *Work Plan for 2018-19*

A. Presentation by EESL (Overall and immediate Work Plan)

The overall work plan depicting various activities and timeline would be presented by NPC UNIDO. This will be supplemented by elaboration of activities, its approaches, human resources engagement plan alongwith budget and timeline by EESL team. The immediate work plan would also be described as part of the same by the team.

Committee may take a view to approve the work plans.

Agenda item No.5:

Any other points with the permission of Chair:

A. Freezing the list of Selected Cluster:

In view of, dropping of Pali Textile Cluster and Varanashi Brick Kiln Cluster in the last PSC meeting, as well as Jodhpur limekiln not having much prospect of in terms of scalable EE technology implementation. The Morvi Ceramic cluster also needs review in view of already on-going initiative and also because of having progressed to advanced technologies in number of MSMEs. As such few new clusters are proposed to be considered in lieu of aforementioned clusters.

In consultation with the O/o DC MSME office, State of Meghalaya and Uttarakhand was explored by a joint team of UNIDO and EESL. The outcome would be presented by the EESL team. EESL has also prepared a detailed analysis on EE saving potential from the replication perspective in 30 prospective clusters, (copy to be enclosed) which would also be presented by the EESL team. EESL will also

present a framework of selection criteria for applicable technologies in each cluster and also the pilot demonstration units.

Committee may take a view to shortlist 10 clusters out of 30 prospective clusters.

B. Formation of Working Group

As per the project framework, a 'Working Technical Group (WTG)' has to be formed with representatives from the office of DC (MSME), BEE, EESL, UNIDO and other related agencies. The purpose of the group would be to guide the Project Management Team on technical aspects of the projects. The major outcome of the WTG meetings would be placed before the PSC for approval and needful.

UNIDO PMU has sought nominations of senior level officials from each of the stakeholder who can contribute immensely in terms of giving a right direction from the technological perspective in the project. Following are the name already proposed by UNIDO and EESL:

1. Mr. Debajit Das, NPC (UNIDO)
2. Mr. S. P. Garnaik, CGM (EESL)
3. Mr. K. N. Hemanth, Manager (EESL)

Confirmation from DC MSME office, SIDBI and BEE on the nominations are awaited.

As per the project framework, there is provision of participation of other related agencies (who are working in the similar field/area/clusters) in the WTG. Few names are proposed by the Project Management Team.

Committee may take a view to approve the final list of WTG members so that the project can benefit from the contribution of such an agency/professional.

C. Launching event of GEF-5 Programme:

Discussions were held between EESL, UNIDO & Office of DC (MSME) on 30th Jan 2018 on Launch of the GEF-5 event, sensitize the SME clusters and other stakeholders regarding the project objective and its benefits to the SME industry. This shall demonstrate Government of India's endorsement towards Energy Efficiency in SME sectors of India. As per records of discussion, GEF-5 launching event is proposed to be organised in the month of February/March 2018 which shall be launched by Hon'ble Minister of MSME. The proceedings to invite Hon'ble minister shall be initiated by DC MSME office.

Key Highlights of Launch Event are as follows:

i) Dedicated Portal Development: A dedicated GEF-5 portal is being developed with support of IT experts (demo link: <http://demo.lakal.in/gef/index.html>). This portal will encompass vast information regarding the GEF-5 project.

ii) **Vision Document Preparation:** A comprehensive vision document on GEF-5 project is being prepared by experts. This document will focus on explaining the project modalities, roles of the project partners/ stakeholders, roadmap to achieve the goals etc. It is proposed that the same shall be pitched during the GEF-5 launch programme.

III) **Exchange of Agreement between EESL and UNIDO**

iv) **Exchange of MoU between EESL and MSME Cluster Associations**

v) **Launch of Demonstration project**

Committee may kindly advise on the date (half-day/ full day event), venue, agenda and participation of Hon'' ble Minister.

Any other point with the permission of Chair.
