OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.

DISCLAIMER

FAIR USE POLICY

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

REPUBLIC OF INDIA

Country Programme of Cooperation between the Republic of India and UNIDO 2008-2012

Towards inclusive growth: Strengthening the competitiveness and productivity of industrial enterprises

This document has not been officially edited

APRIL 2008

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Country Programme of Technical Cooperation in India 2008-2012

Towards inclusive growth: Strengthening the competitiveness and productivity of industrial enterprises

Starting date:	January 2008
Duration:	Five years 2008—2012
Total funds required (tentative)	US$42 million, excluding Programme Support Costs
Government co-ordinating agency:	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry
Host country counterparts:	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry and other relevant ministries/Departments
Executing agency:	United Nations Industrial Development Organization (UNIDO)

Brief description:

The UNIDO *Country Programme 2008-2012* aims at raising the competitiveness of industrial enterprises through industrial policy advice, investment and technology promotion, technology-oriented initiatives to increase productivity, quality, energy efficiency, occupational health and safety and the environmental sustainability of industrial production.

In line with the organic evolution of UNIDO's operations in India over the past 40 years, the *Country Programme* will also build on India's expertise, technology and know-how to assist other developing countries through institutional strengthening.

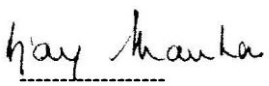
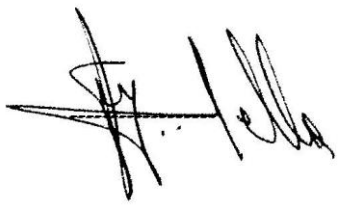
Approved:	Signature:	Date:	Name and title:
On behalf of Government of India:		16 May 2008	Mr Ajay Shankar Secretary, DIPP
UNIDO:		16 May 2008	Dr K. K. Yumkella Director-General

Table of contents

List of annexes and appendices

List of figures

List of abbreviations

BAT	Best Available Techniques
BEP	Best Environmental Practices
CTBC	Cane and Bamboo Technology Centre
CDA	Cluster Development Agent
CDM	Clean Development Mechanism
CEA	Central Electricity Authority
CP	Country Programme
CPRI	Central Power Research Institute
CSF	Country Service Framework
CSO	Central Statistical Organization
CT	Cleaner Technology
CTC	Carbon Tetrachloride
DC MSME	Development Commissioner, Micro, Small and Medium Industries
DIPP	Department of Industrial Policy and Promotion (Ministry of Commerce and Industry)
EC	European Commission
FDI	Foreign Direct Investment
GEF	Global Environment Facility
GoI	Government of India
HCFC	Hydro Chlorofluorocarbon, an ozone-depleting gas
ICAMT	International Centre for the Advancement of Manufacturing Technology
IPR	Industrial Policy Resolution
JV	Joint Venture
MP	Montreal Protocol
MDGs	Millennium Development Goals
MoEF	Ministry of Environment and Forests
MSE	Micro and Small Enterprise
MSME	Micro, Small and Medium Enterprise
NCAER	National Council for Applied Economic Research
NIP	National Implementation Plan, a requirement of the Stockholm Convention on POPs
NMCC	National Manufacturing Competitiveness Council
NMCP	National Manufacturing Competitiveness Programme
NSSO	National Sample Survey Organisation
PCB	Polychlorinated Biphenyls
PDD	Project Design Document
PIN	Project Information Note
POP	Persistent Organic Pollutant
PSC	Programme Support Costs
RBM	Results-Based Management
RET	Renewable Energy Technology
Rs	Indian Rupee, the national currency (US$1 ≈ Rs. 40 in September 2007)
SHG	Self-Help Group
SM	Service Module
SME	Small and Medium Enterprise
SSI	Small Scale Industry
UCSSIC	UNIDO Centre for South-South Industrial Cooperation
UNDAF	United Nations Development Assistance Framework
UNFCCC	United Nations Framework Convention on Climate Change
URO	UNIDO Regional Office for south Asia, based in New Delhi
VSE	Village and Small-Scale Enterprise

Executive Summary

The Government of India and UNIDO signed, in late 2001, a five-year Country Service Framework focussed on four domains of cooperation: strengthening the competitiveness of SMEs through technology-led interventions; the promotion of foreign direct investment; cleaner and environmentally friendly technologies and policies; and a cross-cutting initiative to alleviate poverty and promote industrial growth in less developed areas.

In November 2006 as the five-year CSF was drawing to a close, UNIDO and the Government of India invited an independent evaluation team to review the achievements of the programme, identify strengths and weaknesses, and suggest practical measures to further sharpen the UNIDO-India partnership.

The tentative conclusions of the evaluation mission were submitted to the Government of India in January 2007, in the form of a draft report. A few weeks later, at the occasion of the visit to India of the Director-General of UNIDO, the two parties agreed to formulate a new five-year country strategy synchronized to the 11^{th} Five-Year Plan as well as to the UN Development Assistance Framework.

India's involvement with the global economy has been rising phenomenally in the past few years. The economy grew at a rate of 3.5 per cent per annum during 1950-51 to 1979-80. Growth, which hovered around a little above 5.5 per cent per annum during the 1980s and 1990s, increased to 5.8 per cent during 1998-99 to 2003-04 and further to 8.6 per cent since 2004-05. India, of late, has been globally acknowledged a high growth economy. The rate of growth stood at 9.4 per cent during 2006-07. The growth rate during the first quarter of 20008 was an impressive 9.3 per cent over the corresponding quarter of the previous year. During the current financial year, Indian economy expects to repeat growth rate of more than 9%. If India can sustain this rate of growth, per capita income can double in about 9 years. This high growth has been facilitated by an unprecedented increase in rate of investment from 22.9 per cent in 2001-02 to an estimated 35.1 per cent in 2006-07. According to Goldman Sachs, over the next 30-50 years, India is likely to grow fastest among the BRIC economies – Brazil, Russia, China and India,. McKinsey Global Institute has predicted that India will have the world's fifth-largest consumer market by 2025, with about 583 million people forming its middle class. This implies a huge opportunity for further investment and enterprise.

The rapidly changing sectoral contributions to the GDP are an indication of the significant structural changes taking place in the economy. The share of industry in GDP has increased from 25.6 per cent in 2003-04 to 26.6 per cent in 2006-07, while there has been a decline in the share of agriculture and allied sectors from 21.7 per cent to 18.5 per cent during the same period. The decline in the share of agriculture in GDP has been mostly appropriated by the services sector, which increased its share from 52.7 per cent to 54.9 per cent.

India exported merchandise worth US $ 126 billion in 2006-07 with a growth arte of 22%. At the same time imports were US $ 185 billion with growth rate of 24$. FDI inflows in India were at US $ 19.5 billion growing at 153%. FDI outflow from India was US$ 11 billion growing at 144%. At the same time the World Trade in 2005 and 2006 was US $ 21.314 trillion and 24.496 trillion respectively; while FDI outflows were US $ 837.194 billion and US$ 1.215 trillion in 2005 and 2006 respectively. The global FDI inflows were US $ 945.795 million and US$ 1.305 trillion in 2005 and 2006 respectively.

The exchange rate of the Rupee against the US dollar had displayed reasonable stability during 2005-06 and 2006-07. During the first half of the current year, the exchange rate of the Rupee against the US dollar has appreciated sharply reflecting mostly the copious capital inflows, the strong fundamentals, higher returns on equity and even higher expectations. This surge in capital flows, apart from causing volatility in the foreign exchange market, has led to an accumulation of reserves. The foreign exchange reserves increased to US$ 199 billion at end-March 2007 and further bourgeoned to US$ 262 billion on October 26, 2007. It reveals, however,

a vast potential for growth driven by manufactured exports. Some of the main obstacles along the way are infrastructure and energy gaps, as well as degree of capacity utilization hovering around 95% (NCAER figures- the limited job creation performance of the manufacturing industry is therefore a case of "classical" unemployment, where labour force absorption is constrained by productive capacities rather than by the demand for manufactures).

The combination of these two factors makes for high incremental capital-output ratio: sustained manufacturing growth will be expensive. The small and medium industries sector on the other hand offers several advantages in this context: it is typically less capital-intensive, and more easily amenable to geographic dispersion. The investment outlay per new job is therefore significantly lower, and jobs can be more easily created in disadvantaged regions of the country.

The UNIDO *Country Programme 2008-2012* is aimed at raising the competitiveness of industrial enterprises through industrial policy advice, investment and technology promotion, through technology-oriented initiatives to increase productivity, quality, energy efficiency, occupational health and safety and the environmental sustainability of industrial production.

In line with the organic evolution of UNIDO's operations in India over the past 40 years, the *Country Programme* will also build on India's expertise, technology and know-how to assist other developing countries; the UNIDO-India partnership to that end was launched in February 2007 in the form of the Centre for South-South Industrial Cooperation.

But the success of the programme is not only a matter of substance, of addressing the right issues in an appropriate way: it critically hinges on the procedures set to facilitate its timely execution. The *Country Programme 2008-2012* proposes a number of measures to streamline administrative processes, ensure appropriate monitoring and stimulate innovation from a broad group of stakeholders while maintaining the course of a coherent strategy and capturing integration opportunities wherever they arise.

Ultimately, the performance of the *Country Programme 2008-2012* will be measured at UNIDO's ability to deliver a markedly increased volume of technical services and strengthen in doing so its 40-year old partnership with the Government of India.

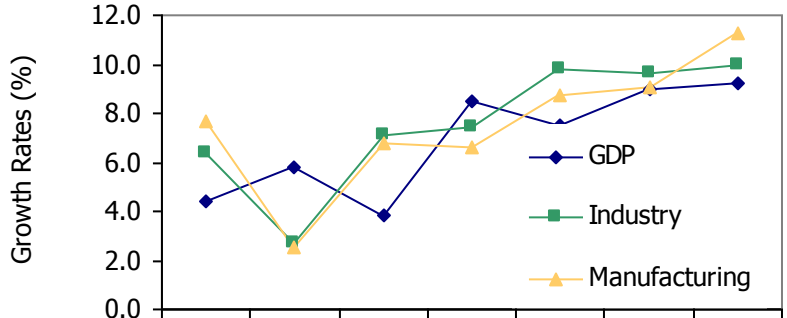
New Delhi and Vienna
April 2008

Part I — The Country Programme within the Country Context

I.1 Overview of the industrial situation

The Indian economic reforms were initiated in 1991 after a severe balance of payments crisis leading to a combination of long term structural reforms and a short term stabilization programme. The average economic growth rate after the reforms in the Eighth and Ninth Five Year Plans were 6.8 percent and 5.5 percent respectively[1]. It is expected to reach 7.6 percent at the end of the Tenth Five Year Plan (2002-07) and will be the highest growth rate achieved in any plan period so far.

Fig 1 — Growth of GDP, industry and manufacturing



	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
GDP	4.4	5.8	3.8	8.5	7.5	9.0	9.2
Industry	6.4	2.7	7.1	7.4	9.8	9.6	10.0
Manufacturing	7.7	2.5	6.8	6.6	8.7	9.1	11.3

Source: Economic Survey 2006-2007

India is amongst the fastest growing economies in the world with growth rates reaching well over 9 percent in the last two years. High growth of economy in the Tenth Five Year Plan has been fuelled by the services and industry sectors.

Gross domestic product (GDP) at current market prices at the end of the Tenth Five Year Plan is expected to reach US$930 billion[2] where the share of agriculture, services and industry in the year 2006-07 is 18.5 percent, 26.4 percent and 55.1 percent respectively as shown in the figure below. The share of industry has remained stagnant around 26-27 percent since 1991[3].

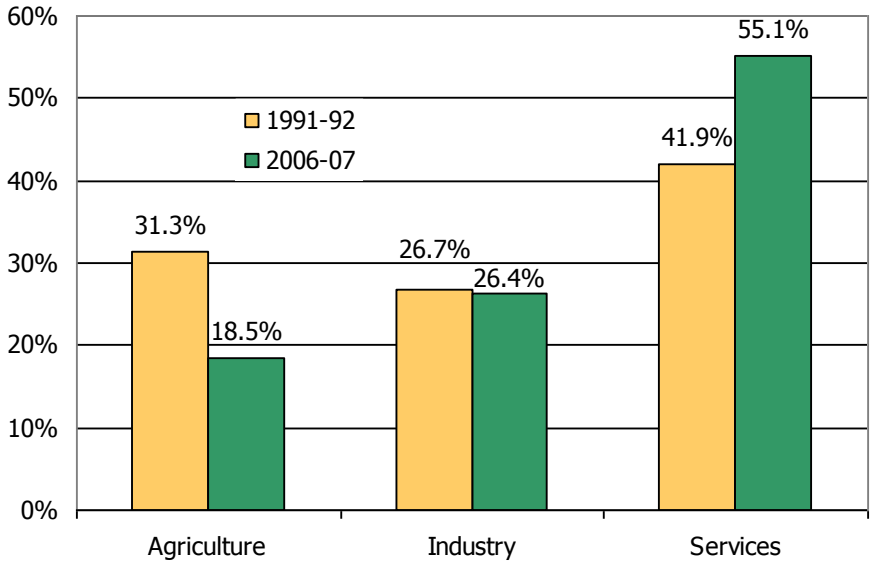
The Indian industry consisting of mining & quarrying; manufacturing; electricity, gas & water supply; and construction grew consistently over seven percent in the Tenth Five Year Plan. The industrial growth rate backed by the manufacturing growth would have been much higher if not for the dismal performance of the mining & quarrying industry; and electricity, gas and water supply.

The manufacturing sector, with a weight of 79 percent in the industry, grew at the rate of 8.7, 9.1 and 11.3 percent in the last three years. The growth of industry and manufacturing in the year 2006-2007 has been revised to 11.3 percent and 12.3 percent respectively[4].

[1] Economic Survey 2006-07
[2] Central Statistic Organization
[3] National Manufacturing Competitive Council Strategy
[4] National Manufacturing Competitive Council Strategy

The share of manufacturing in GDP is 16 percent. In comparison, the East Asian economies typically exhibit manufacturing over GDP ratios reaching 25 to 35 percent (Thailand – 34 percent, China – 35 percent and Malaysia – 31 percent)[5].

Fig 2 — Contribution of different sectors to GDP



Source: Economic Survey 2006-2007 and the National Strategy for Manufacturing

As to the performance of industrial branches, the capital goods sector showed double-digit growth rates throughout the Tenth Five Year Plan. Basic metals; transport equipment; machinery and equipment; non-metallic mineral products; cotton textiles; rubber, plastic, petroleum and coal products; other manufacturing industries; textile products; and beverages, tobacco and related products outperformed the manufacturing industry in the Tenth Plan.

Three labour-intensive sectors, namely: jute and other vegetable fibre textiles; food products; and wood and wood products had lacklustre growth while leather and fur products showed a negative growth rate.

I.1.1 Key industrial sectors

1. Automotive

The automobile industry manufactured 1.7 million four-wheel vehicles and more than eight million two- and three-wheelers in the year 2005-06. The industry grew at the rate 16 percent annually and exported US$2.28 billion worth of products. The auto component industry made of 500 firms in the organized sector and over 10,000 in the small and unorganized sector generated an output of US$10 billion in the year 2005-06 and its exports were in the order of US$1.8 billion.

2. Textiles

Output of the Indian textile industry grew by 9.25 percent in 2005-06 and exports increased by 21.8 percent. Despite a steady growth of exports, its share in the world market is just 3.4 percent.

3. Gems and Jewellery

The gems and jewellery industry has carved itself a niche market as the cutting and polishing centre of diamonds in the world, both in terms of quantity and value. Exports amounted to US $15.5 billion in 2005-06 and contributed about 15 percent of the total exports of the country.

[5] Central Statistics Organization (CSO)

4. Machine Tools

Machine tool industry is the backbone of engineering sector in India and has reached a critical phase of development. Starting with the production of general-purpose machine tools under technical assistance from foreign collaborators in 50s, Indian machine tool industry has come a long way, particularly after liberalization in 1991. From a technologically dependent status, the industry has built in-house capabilities for Research and Development to facilitate development of new machine tools as well as improvements in the performance of existing machine tools. The focus is on the manufacture of more and more efficient and reliable machines to meet the growing needs of machine tools users.

5. Leather

Indian Leather Industry offers immense potential in view of export, employment and economic opportunities. Leather ranks as one of the top ten foreign exchange earners for the country. About 2.5 million people are employed by the leather industry. The industry has played an important role in gender and social empowerment in the country with more than 85% of the jobs in leather product sector employing women. The Indian leather industry manufactures nearly 10% of global supply of finished leather (1.8 billion sq. ft). The human capital available to the industry is vast. The expertise resource and technology base of the country with respect to this industry is significant. The sector is able to attract talent base in a competitive market in the emerging demand driven scenario.

6. Light Engineering

The size of Indian light engineering industry is estimated at US$7 billion. In India, the light engineering industry has a diverse industrial base with significant unorganized market. It is estimated that light engineering sector contributes to 8-10% of total exports of the country and its exports were US $ 3 billion in 2002-03. The exports from the light engineering industry in India mainly consists of structured steel products; motorcycles, cycles and auto components; electrical, electrical, electronics, telecommunication and automation equipments; hand and machine tools; fans, filters and pumps; and metal machine tool parts. The Ligh Engineering Industry is a diverse industry with a number of distinctive sectors and sub sectors. This sector includes low-tech items like castings, forgings and fasteners to the highly sophisticated micro-processor based process control equipment and diagnostic medical instruments. This group also includes industries like bearings, steel pipes and tubes etc. The products covered under the engineering industry are largely used as input to the capital goods industry.

7. Cane and Bamboo

From time immemorial to the present day, cane and bamboo have formed an integral part of the lives of the people in the North Eastern region. Bamboo is used in myriad ways to make several articles, implements etc. Generally people make those things which are required in their day-to-day lives. Bamboo handicrafts and furniture is produced throughout the North East. Productivity is low because of the limited knowledge, lack of sills and basic tools. Quality is generally poor due to several reasons: bamboo used for handicrafts and furniture is not mature enough, bamboo is not treated, improper handling, lack of knowledge about jigs, poor jointing and lack of finishing materials and skills.

8. Food Processing

India is amongst the world's largest producers of food, producing over 600 million tons of food products. India ranks first in the world in production of cereals and milk (91 million tons). It is the second largest fruit and vegetable producer (150 billion tons) and is amongst the top five producers of rice, wheat, groundnuts, tea, coffee, tobacco spices, sugar and oilseeds (210 million tons). India also ranks amongst the top few in terms of fish and egg production. The Indian food processing industry is a high priority sector and is estimated to grow at 9-12%. Agricultural production and food processing accounts for 22% of India's GDP and employs more than 70% of its workforce. India's total food market is estimated at USD 70 billion, of which USD 22 billion is the share of the value-added food products.

9. Hydro Power

India faces numerous challenges to meet its energy requirements in a sustainable manner. Current production of electricity is far too insufficient to meet the growing demand of the consumers. The country has enormous renewable energy potential and exploitable hydropower capacity. Renewable Energy Technologies (RET) have neither attracted the requisite level of investment nor tangible policy commitment. Although some resources

have been allocated for developing, adapting and disseminating RETs in rural areas, the total remains insignificant and very marginal.

The aim of interventions in this area is to conduct several renewable energy related awareness building and training programmes, promote and accelerate sustainable development. It will facilitate the design of cost effective RETs using locally manufactured equipment, materials, and labour, and organizing consultancy services on comprehensive aspects of renewable energy system and small hydro power development.

10. Chemicals, Petrochemicals and Pharmaceuticals

The chemical sector comprising basic chemicals and its products, petrochemicals, fertilizers, paints, gases and pharmaceuticals has recorded phenomenal growth and has by now become a net exporter. It accounted for 13-14 percent in the exports and 18 percent in the total manufacturing output in the year 2005-06.

11. Electronics and Computer Technology

IT and IT-enabled services contributed US$ 23.4 billion in exports during the year 2005-06, with a spectacular growth of 32 per cent over the previous year. Exports of hardware likewise registered steady growth. This sector has become very competitive and offers today world-class products and services to the international market.

12. Cost Effective Housing

Two main problems faced by developing countries are –creating sustainable livelihoods and preserving the environment. There are severe problems of agro-industrial wastes and their management. Over the years, energy efficient technologies have been developed, which not only convert wastes into composite materials for low cost housing but also generate employment. These technologies make use of local resources from forestry, agriculture, and natural fibres plant materials in addition to other local resources like agricultural and industrial wastes available within small geographical region. These composite materials substitute forest wood and topsoil thus preserving the environment.

13. Pharmaceuticals

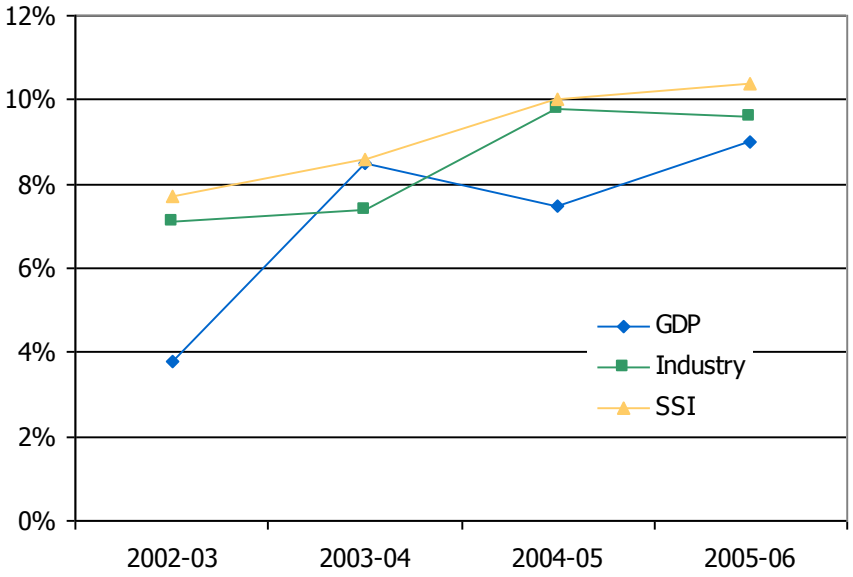
The Indian pharmaceutical industry is the thirteenth largest pharmaceutical market in the world. The domestic pharmaceutical industry is characterized by a few large companies, and a large number of small and mid sized companies. Over the next five years, the domestic formulations market is expected to grow at a CAGR of around 9.7 per cent. Growth is expected to be driven by an increase in sales volumes and new product introduction.

I.1.2 Small Scale Industries (SSI)

The small scale industries sector encompassing micro and small enterprises (MSEs) produced 39 percent of the total industrial output and 34 percent of the country's total exports[6]. It currently contributes 7 percent of GDP and is growing at the rate higher than that of the industrial sector (see shown Fig 3 below). The growth rate of output and exports by MSEs has been in the double digits from 2002-03 to 2005-06. The reservation of items for production by the small-scale sector has been relaxed and the number of items exclusively reserved for the sector stood at 239 in early 2007.

[6] Annual Report of the Ministry of Micro, Small and Medium Enterprises

Fig 3 — Growth rates of GDP, industry and small-scale industries



Source: Annual Report of the Ministry of Small Scale Industries 2005-06

I.1.3 Employment

The annual growth rate of employment has increased from 1.6 percent in 1993-2000 to 2.5 percent in 1999-2005[7]. However, the rate of unemployment also increased from 2.8 percent to 3.1 percent during the same reference: job creation simply cannot keep pace with the growth of the labour force. Employment growth in the organized sector (both private and public) decreased from 1.2 percent in 1983-94 to -0.38 percent in 1994-2004. An estimated 26.4 million people were employed in the organized sector as in March 2004. The private sector gave jobs to 82.5 millions, of which 4.5 millions were employed in the manufacturing industry.

Employment in the organized manufacturing sector declined from 9.5 million in 1996-97 to 7.8 million in 2003-04 following the massive introduction of capital equipment and technology. The MSEs provided employment to 29.5 millions (in rural and urban areas combined) in 2005-06 through both registered and unregistered units[8].

The NSSO's 61st round Survey on Employment and Unemployment carried out in 2004-05 shows that 42 percent of the population was usually employed, of which 44 percent in rural areas and 37 percent in urban areas[9]. Gender-wise, it was 55 percent for males both in the rural and urban areas while it was 33 percent and 17 percent for females in the rural and urban areas respectively.

The percentage of population (approximately 300 million) below poverty line has declined from 36 percent in 1993-94 to 27 percent in 2004-05. This percentage of population below poverty line is declining at the modest rate of 0.74 percent. The UNDP Human Development Report of 2006 has ranked India at 126th position among 177 countries[10]. Despite of high economic growth in the Tenth Five Year Plan, the benefits of growth have not sufficiently trickled down to the lower income groups.

[7] Economic Survey 2006-07
[8] Annual Report of the Ministry of Micro, Small and Medium Enterprises
[9] Central Statistics Organization (CSO)
[10] UNDP Human Development Report 2006

I.1.4 Foreign trade

India's exports grew by 23.8 percent in the financial year 2006-07 to US$124.6 billion, indicating a significant growth over the level of US$100.6 billion in the year 2005-06[11]. Exports have risen over 20 percent in the Tenth Five Year Plan. The manufacturing products make up 72 percent of the total exports. The main exports markets are US, UAE, mainland China, UK, Singapore, Hong Kong (China), Germany, Belgium, Italy, the Netherlands and Japan. India's exports share to the rest of south Asia in 2004 stood at just 5.4 percent[12]. The main manufactured exports are: gems & jewellery; garments; drugs and pharmaceuticals; chemicals; machinery & instruments; transport equipment; cotton and leather. India's share in world exports (including commodities) stood at 0.9 percent in 2004[13].

India's imports grew at the rate of 29.3 percent to US$ 181.3 billion in 2006-07 compared to the previous year[14]. The trade deficit in 2002-03 was US$ 8.6 billion which increased to US$46.1 billion and US$56.7 billion respectively in 2005-06 and 2006-07. The major products imported in 2005-06 were petroleum products, capital goods and raw materials and intermediate manufactures. The major imports are made from countries such as China, US, Switzerland, Germany, Australia, Belgium, South Korea, UAE, UK and Japan. India's imports share from South Asia is just 0.88 percent[15].

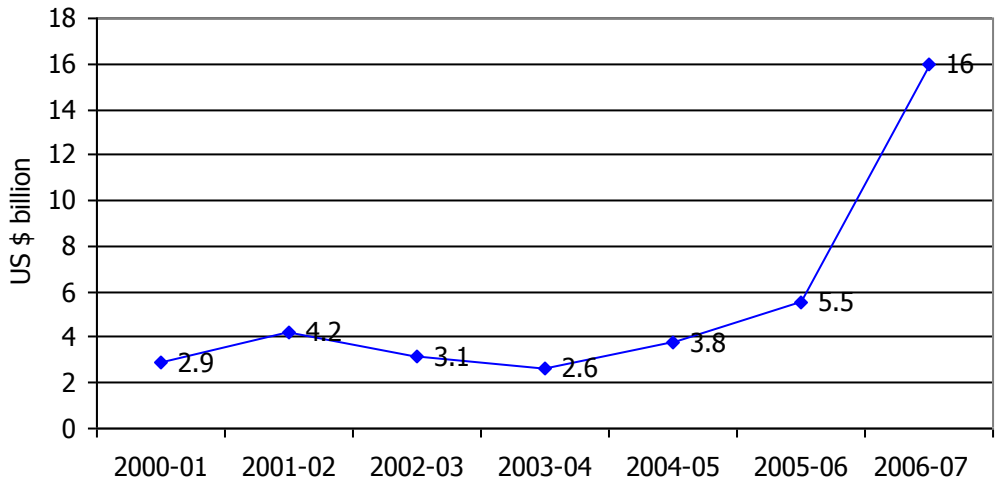
I.1.5 Investment and technology flows

From the launch of the economic reforms in 1991 until February 2007, cumulative FDI inflows to India amounted to US$53.7 billion. The accumulation has been slow, at less than US$ four billion per year, on average. However, FDI inflows during the Tenth Five Year Plan have increased significantly compared to the previous Plans; FDI inflows soared in the last two years, with growth rates of 72.3 percent in 2005-06 and 275 percent in 2006-07 (see Fig 4).

The 10 most attractive sectors for foreign investment are: electrical equipments, services, telecommunications, transportation industry, fuels, chemicals, construction, drugs & pharmaceuticals, food processing industries and cement & gypsum products. The top ten investing countries are: Mauritius, USA, UK, the Netherlands, Japan, Singapore, Germany, France, South Korea and Switzerland. 7,827 technology transfer approvals were registered between August 1991 and February 2007. The approvals were granted for the electrical equipments, chemicals, industrial machinery, transportation industry and miscellaneous engineering industries. They were signed with the USA, Germany, Japan, UK, Italy and other countries.

[11] Ministry of Commerce and Industry
[12] Economic Survey 2006-07
[13] Economic Survey 2006-07
[14] Ministry of Commerce and Industry
[15] Economic Survey 2006-07

Fig 4 — FDI inflows to India



Source: Department of Industrial Policy and Promotion

I.2 Country strategy, efforts and weaknesses

I.2.1 The 11th Five-Year Plan 2008-2012

An average economic growth rate of 7.6 percent was achieved in the Tenth Five Year Plan (2002-07). Despite strong macroeconomic fundamentals and private sector performance, high economic growth did not provide basic social services adequately and in turn, the whole development process failed to be sufficiently inclusive. The rate of people living below the poverty line declined modestly.

The Approach Paper to the Eleventh Five Year Plan (2007-2011) envisages a vision to promote more inclusive, broad–based and high-growth economic development in the country, across all sectors. It aims to boost average economic growth to 9 percent and up to 10 percent at the end of the reference period. The Plan also aims at increasing the growth of industry to 10 percent per annum and that of manufacturing to 12 percent. It addresses the major constraints of the manufacturing sector by focusing on infrastructure and skill development. It encourages the creation of jobs in the organized sector, as well as productivity improvement in the unorganized sector.

The private sector performed strongly by providing relatively higher investment and more jobs than the public sector in the Tenth Five Year Plan. The growth of private investment steadily accelerated by over 10 percent throughout the period and supported industrial expansion. However, the performance of the agricultural growth sector, which provides a livelihood to 55 percent of the population, was far from satisfactory.

The Eleventh Five Year Plan is aimed at the creation of employment opportunities as an integral part of the process of economic growth, and includes accordingly strategies to that end. Private sector development is expected to play a greater role in terms of achieving inclusive economic growth. Both services and manufacturing sectors are expected to generate 70 million of non-agricultural employment opportunities and reduce poverty by 10 percentage points by the end of the Plan.

In particular, the Plan focuses on the labour-intensive manufacturing sectors such as food processing, leather products, footwear, textiles and other sectors such as tourism and construction. It also advocates skill training and development to bridge the structural mismatch of skills in almost all areas of manufacturing.

The SME sector, second largest provider of employment after agriculture, will be instrumental in creating off-farm employment to reduce unemployment in both urban and rural areas. The Five-Year Plan advocates the upgrading of technology, design skills, marketing support, entrepreneurship development, capacity building, infrastructure and easier access to credit to this sector.

On the environment front, the Eleventh Five Year Plan aims at increasing forest cover by 5 percentage points. Air quality improvement and substantial reductions in the discharge of effluents and sewage in river and water bodies have been prioritized in the Plan. The Government of India has also promulgated the *National Environment Policy 2006* to support sustainable development by mainstreaming environmental concerns in all development activities including promotion of adoption of clean technologies by industry, especially by the polluting SMEs from textiles, pulp and paper, chemicals, foundries, brick, iron and steel amongst others.

Promotion of energy efficiency, renewable energy and the optimal use of fossil fuel resources have been focused to limit the effect of green house gas emissions while at the same time contributing to an increased energy supply to sustain the momentum of economic growth. Moreover, the Plan envisages raising energy efficiency by 20 percentage points overall, to reduce carbon emissions and mitigate their impact on the environment. A National Development Authority has already been established to promote Clean Development Mechanism (CDM) projects to curtail greenhouse gas emissions and support carbon credits market to address challenges in line with the provisions of the UN Framework Convention on Climate Change (UNFCCC). More than 200 CDM projects from India have been approved by the UNFCCC CDM Board so far.

I.2.2 The National Manufacturing Competitiveness Strategy

To enhance productivity, competitiveness and employment generation in the manufacturing sector, the Government of India set up in October 2004 the *National Manufacturing Competitiveness Council* (NMCC) to serve as a forum for coherent policy initiatives.

This highest level autonomous body formulated on behalf of the Government of India a "National Strategy for Manufacturing" (March 2006) aimed at sustaining a 12 percent rate of growth in the manufacturing sector necessary to support overall economic growth rates of eight to nine percent.

The *National Strategy for Manufacturing* highlights the following thematic priorities:

- Building cost competitiveness
- Enhancing access to global markets and increasing India's share of total world exports
- Investing in innovations and upgrading technology
- Development of infrastructure
- Promoting development of micro, small and medium enterprises
- Ensuring macro-economic stability
- Providing right market framework and regulatory environment
- Building skill capacity
- Intellectual property rights
- Trade facilitation
- Raising domestic and foreign investment flows
- Effective coordination between Central, State and Local levels
- Combating regional imbalances in industrial development
-

It further identifies the following sectors with potential for rapid growth and employment:

- Leather and Leather goods
- Food processing
- Textiles and garments
- Auto components
- Capital goods
- IT hardware/ electronics
- Paper
- Chemicals and Petrochemicals
- Drugs and pharmaceuticals
- Telecom equipment
- Handicrafts

The High Level Committee on Manufacturing under the Chairmanship of Prime Minister Dr Manmohan Singh endorsed in August 2006 the National Strategy for Manufacturing and decided to further focus on the following sectors for urgent action:

- Leather and Leather goods
- Food processing
- Textiles and garments
- IT hardware/ electronics
- Skill development
- Small and medium industries including cluster development
- The National Manufacturing Competitiveness Council is also responsible for the coordination of a multi-pronged *National Manufacturing Competitiveness Programme* announced in the Budget Speech 2005/2006. The Programme includes ten components altogether, for a total cost estimated at Rs956Cr (US$220m):
- National Programme on Application of Lean Manufacturing
- Promotion of ICT in Indian Manufacturing Sector
- Mini-Tool Rooms to be set up
- Technology And Quality Upgradation Support for SMEs
- Support for Entrepreneurial and Managerial Development of SMEs
- Design Clinic scheme to bring design expertise to the Manufacturing Sector
- Enabling manufacturing sector to be competitive through quality management standards and quality technology tools
- National campaign for investment in Intellectual Property
- Market assistance/SMEs and technology upgradation activities
- Marketing Support/Assistance to SMEs

I.3 External assistance and UN coordination frameworks

I.3.1 Outline of UNDAF 2008-2012, and role of UNIDO

The UN Country Team in India developed in 2006 the *Development Assistance Framework 2008-2012*. UNDAF 2008-2012 was submitted to the Planning Commission on 21 December 2006, and approved by the Planning Commission on 27 February 2007. It focuses on four domains of concentration: (i) country— and state—wide governance; (ii) local governance; (iii) the attainment of the MDGs; and (iv) environment management and disaster preparedness.

The following outline gives a more detailed overview of outcomes and outputs; shaded areas indicate the domains of concentration of the UNIDO programme within UNDAF (reference: communication from the UNIDO Representative to the UN Resident Coordinator, 10 October 2006).

Outcome 1
By 2012, *strengthened policy framework* and implementation capacity of large scale state and national programmes to reduce disparities and enhance opportunities for disadvantaged groups, especially women and girls, for the achievement of MDG related 11th Plan Goals.

- CP Outcome 1.1: Strengthened design and implementation of national programmes and policies on poverty reduction for disadvantaged regions and groups, especially women and girls.
- CP Outcome 1.2: Improvement in key health indicators (child and maternal mortality; total fertility rate; mortality and morbidity due to malaria and tuberculosis; and drug use) amongst disadvantaged groups.
- CP Outcome 1.3: Improvements in learning outcomes, completion rates and literacy levels amongst disadvantaged groups.
- CP Outcome 1.4: Reduction in hunger and malnutrition levels, especially amongst children and disadvantaged groups.
- CP Outcome 1.5: Reduction in HIV/AIDS prevalence rate amongst vulnerable groups.

- CP Outcome 1.6: Reduce gender based violence that includes trafficking, domestic violence and female foeticide.
- CP Outcome 1.7: Water for Life and Livelihoods (UN Water). Sustainable improvements in (a) freshwater availability, its management, conservation and equitable allocation (b) access to sanitation and adoption of critical hygiene practices;
- CP Outcome 1.8: Child Protection. Reduce abuse, neglect and exploitation of children.

Outcome 2
By 2012, accountable and responsive *local government systems,* in rural and urban areas, are in place in selected districts / cities (within priority states) which promote equitable and sustainable development to achieve MDGs/local development goals with special attention to the needs of disadvantaged groups, especially women and girls.

- CP Outcome 2.1: Capacities of elected representatives of panchayats at district, block and village levels enhanced to work with public administration, civil society and private sector for sustainable and equitable local development, and promoting accountability to and participation of marginalized groups and women.
- CP Outcome 2.2: Public administration at district, block and village levels made more effective to plan, manage and deliver public services, and be more accountable to the marginalized groups and women.
- CP Outcome 2.3: In selected districts, capacities of public administration and community groups enhanced for effective implementation of integrated behaviour change communication strategies to contribute to India's ability to meet the MDGs.
- CP Outcome 2.4: Capacity of cities to undertake urban governance reform strengthened.
- CP Outcome 2.5: Systems and mechanisms in place to provide identified vulnerable and excluded groups access to justice at local level.

Outcome 3
By 2012, *11th Plan Targets related to the MDGs* are on track in at least one district in each of the 7 priority states.

- CP Outcome 3.1: Obstacles to effective and efficient implementation of development programmes addressed and synergies between the various efforts created.

Outcome 4
By 2012, the most vulnerable people, including women and girls, and government at all levels have enhanced abilities to prepare, respond, and adapt/ recover from sudden and slow onset *disasters and environmental changes.*

- CP Outcome 4.1: Communities and institutions have established mechanisms and partnerships to effectively respond to disasters and environmental changes and recover from their impact.
- CP Outcome 4.2: Communities are aware of their vulnerabilities, and adequately prepared to manage (and reduce) disaster and environmental related risks.
- CP Outcome 4.3: Enhanced capacities at all levels to monitor and respond to potential public health emergencies of national and international concern (e.g. avian influenza).

I.3.2 The independent evaluation of the UNIDO Country Service Framework 2001-2006

The Government of India and UNIDO called in an independent evaluation of the *Country Service Framework 2001-2006*, aimed at drawing from the lessons of the past for a sharper focus and better design of their future cooperation strategy. The evaluation mission was fielded in November 2006, at the tail end of the execution of the Country Service Framework.

The evaluation team spent three weeks in India, and visited a representative sample of eight projects covering between them all four domains of concentration of the CSF, namely SME competitiveness, FDI promotion, cleaner production, and development of industrially backward areas. The projects were located in Delhi, Jalhandar (Punjab), Gandhinagar (Gujarat), Chanderi (Madhya Pradesh), Bhubaneswar (Orissa) and Guwahati (Assam).

A draft Evaluation Report was submitted to GoI on 12 January 2007; it pointed out the following weaknesses in the CSF 2001—2006:

- Fragmentation of scattered initiatives
- Limited integration and cohesion
- Unclear role of UR office
- Overall coordination
- Absence of monitoring system
- Lack of a mechanism to select new interventions

GoI further insisted that the forthcoming UNIDO programme in India should aim for:

- Greater coherence for higher visibility
- Smaller number of larger projects
- Three domains of concentration: south-south, technology and clusters
- Regular dialogue between DIPP and URO
- Monitoring on a quarterly basis

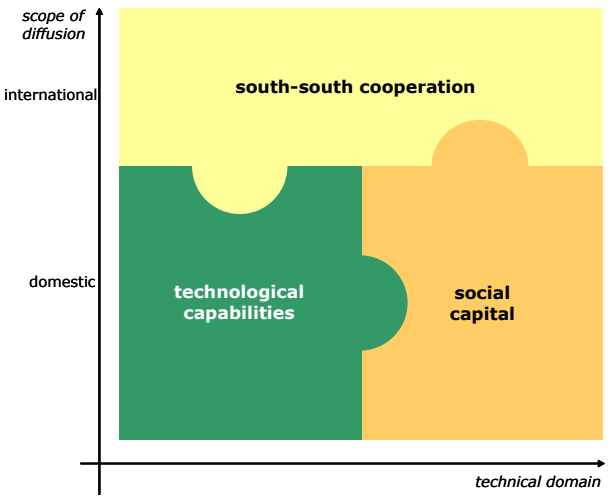
I.4 The strategy of the Country Programme 2008-2012

The strategy underpinning the design of the *Country Programme 2008-2012* (IP 08-12) is predicated on the following tenets:

- It builds on the recommendations of the November 2006 evaluation of the UNIDO Country Service Framework 2001-2006;

- It is aligned to the objectives of the *11th Five-Year Plan 2008-2012* and the National Manufacturing Competitiveness Strategy. It also supports, on the side of the UN, the Development Assistance Framework 2008-2012;

- The overarching objective is the *diffusion of best practices* in sustainable industrial development. The strategy will distinguish best practices touching upon technology aspects of production (with emphasis on environmentally sustainable technologies, productivity improvements and quality management) on the one hand and, on the other hand, social capital issues encompassing human resource management and industrial organization in clusters of small and medium enterprises. Likewise, diffusion can be within India (in line with the Planning Commission's call for more inclusive growth—see GoI (2006)) or, at par with India's emergence as an economic powerhouse of global relevance, between India and other developing countries. The focus will be on key manufacturing sectors with a view to enhance employment generation and ensure a more balanced and inclusive pattern of industrial growth in the country;



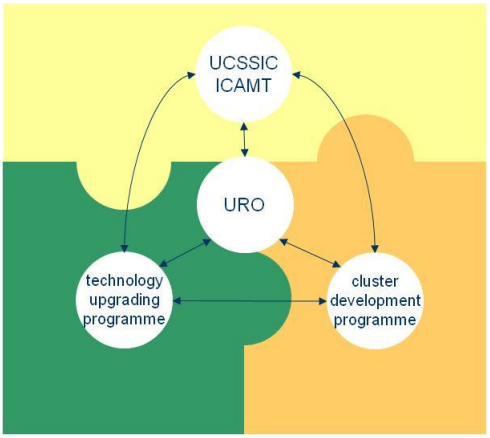
- The *key areas* which strategies under the Country Programme should address are the following:
  - ✓ The induction of clean technologies. This should be done under a broad framework of "Industry and climate change" and should aim at developing a clean-green industry;
  - ✓ Measures to introduce energy efficiency and conservation;
  - ✓ Acquisition, assimilation and development of new manufacturing technologies;
  - ✓ Water conservation practices;

- ✓ Standardization and total quality management;
- ✓ Design and other Intellectual Property Rights (IPRs) issues;
- ✓ Skill development;
- ✓ Investment promotion;

- The *most cost-effective intervention is at the level of industrial clusters* in the country. For this, the first activity would need to conduct would be a cluster mapping which would inter alia identify the major SME clusters in the country and analyze the specific interventions that need to be made in those clusters in order to enhance their competitiveness. The strategies should focus on areas as mentioned above. In the first instance, the industrial clusters which have been taken up under the Industrial Infrastructure Upgradation Scheme (IIUS) could be looked at. More states, particularly the North-eastern States could be covered, in order to ensure that the UNIDO intervention has an all-India impact;

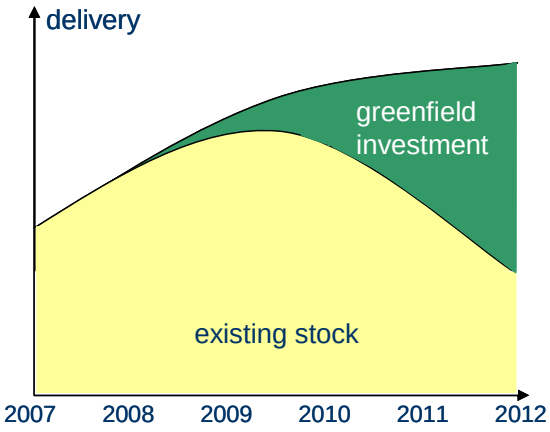
- The above approach would enhance the productivity and competitiveness of industrial enterprises through induction of cleaner technologies, promotion/transfer, commercialization and diffusion of advanced manufacturing technologies, design and IPR inputs, skill development programmes etc. This in turn will increase the turnover, exports and quality of products manufactured by industrial enterprises in various clusters. The enhancement and competitiveness of enterprises is expected to generate employment and contribute towards a balanced and inclusive pattern of industrial development in the country which inter alia could also serve as a strategy for poverty alleviation;

- *Two-stage integration.* When designing the cooperation strategy 2001-2006, UNIDO has recommended the format of a Country Service Framework (CSF), a relatively loose association of projects within broad programmatic priorities. Indeed, it was felt that the diversity and complexity of India's manufacturing base made unrealistic the tightly-knit variant of an Country Programme. In hindsight though, the CSF instrument resulted in fragmented activities on the ground; it failed to convey the message of a strong corporate strategy of engagement in India. Hence the alternative proposed here of two-stage integration: a champion, or flagship project in each one of the three components drives integration within the component; furthermore through close cooperation with the UNIDO Regional Office, the three flagship projects foster integration amongst the three components;

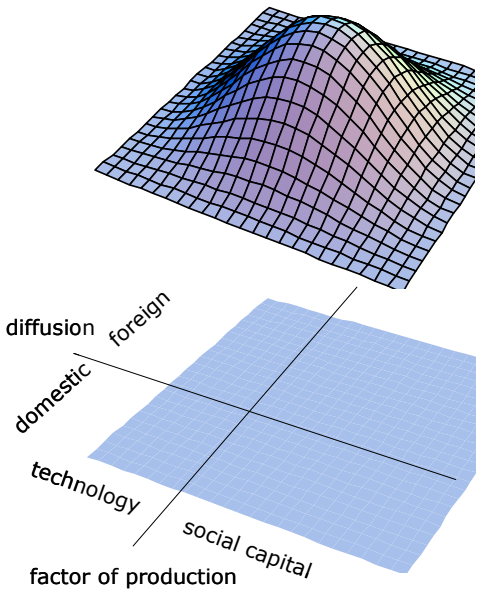


- *Reporting and monitoring*. The management structure of the CSF 2001-2006 was seen by the evaluation mission as a weakness in the execution of the programme: it did not fulfil its oversight function, nor did it help realize synergies amongst projects. The setup was arguably too heavy—hence difficult to mobilize—but it was also heterogeneous as it counted in its membership institutions with rather different mandates, priorities, and visions of manufacturing progress. Thus, *CP 08-12* only features a *National Steering Committee* actively involving DIPP;

- *Overlapping generations* model: the *CP 08-12* document includes a brief description of on-going projects that will generate delivery in 2008-2009 until gradually phasing out, and (ii) a set of criteria against which new ideas will be screened and eventually, developed into projects that will come on stream in 2009 and beyond, as a second generation. A list of criteria was developed by DIPP in 2005, and forms the basis for the future selection mechanism. The advantages of the overlapping generation scenario—as opposed to an Country Programme defined as a list of pre-determined projects— are that (i) it offers a dynamic framework to consolidate a strategic vision by gradually building upon the existing stock of projects and adding on new entrants that meet clear convergence criteria, (ii) it offers the possibility of adjusting the strategy to emerging contingencies during its five-year lifetime, (iii) it draws on the creativity of a large spectrum of stakeholders invited to contribute their ideas for fruitful cooperation within clear evaluation criteria, and (iv) it facilitates the joint review by GoI and UNIDO of new technical assistance opportunities and their quick appraisal against a pre-determined set of criteria;



- The critical *drive to high value-added services*. UNIDO's assistance is essentially geared to building capacities. In other words, its success will be measured at its ability to make itself redundant over time, once local capacities have demonstrated their effectiveness and self-sustainability: the history of UNIDO's 40-year engagement in India is rich of illustrations of this phenomenon. This is arguably not an attractive business paradigm for a service provider—even within the realm of Official Development Assistance—unless UNIDO strives to continuously develop innovative services or successfully integrate various streams of services into a unique, holistic package. Thus the selection criteria used to screen new project proposals must be supported by a weight distribution that attaches a premium to innovative ideas and encourages project developers to migrate to the frontiers of existing services: project proposals that fall at the congruence of two, or even more so, of all three domains of concentration of the Country Programme will receive stronger support when shaping future generations of technical assistance;



- *Deploying the most specialized expertise* against the specific requirements of development constraints. Projects typically cover a range of technical issues cutting across specialized units of UNIDO such as cluster development, cleaner production, or quality management. However, they are often wholly administered by the one Branch that has a dominant role. For the sake of strongest technical inputs from UNIDO, a more flexible division of labour is required;

Project/UNIDO Branch ⇨ ⇩ Technical subject	A	B	C	D
Cluster promotion			■	
Technology	■			
Quality management		■		
Energy efficiency				■
…				■

- *Sector focus*. Finally, *CP 08-12* also features, to the extent possible, a sectoral and a geographical focus reflecting UNIDO's domains of expertise as well as the emphasis given by local authorities to

particular sectors and regions. Industrial enterprises in leather, textile, auto components, machine tools, chemical, and food processing industries are close to UNIDO's areas of specialization; regions such as the central belt Rajasthan-Uttar Pradesh-Madhya Pradesh-Bihar-Jharkand-Chattisghar-Orissa charac-terized by a relatively high incidence of poverty were highlighted by the Planning Commission in the formulation of the UN Development Assistance Framework 2008-2012.

I.5 Selection criteria for new (second generation) projects

Broad Guidelines for preparation of project proposals:

- The project proposal should by and large focus on sectors identified by NMCC;
- The total cost of the project to be considered for assistance should generally not be less than US$1m;
- Partnership of local stakeholders/industry with commitment to allocate resources on a continuous basis;
- Shared ownership from the outset through financial involvement by local Governments and other implementing agencies;
- A specific Action Plan with measurable outcomes / deliverables be included in the project proposal;
- Target beneficiaries be clearly defined along with tangible results for the beneficiaries;
- Sustainability of the project after proposed interventions be clearly spelled out;
- Staff requirements for the Management of the Project including National Experts should be clearly indicated in the Project Budget.

The above *Guidelines* are aimed at consolidating the strategy of cooperation while streamlining execution procedures. They also serve the purpose of facilitating the appraisal of new project ideas, and reducing processing time and costs at both DIPP and UNIDO.

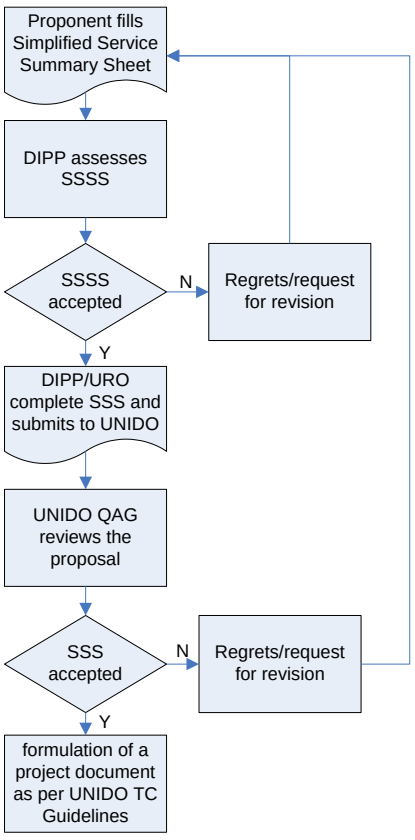
The approach will be pursued in *CP 08-12* through the following, stepwise procedure:

- IP 08-12 document will be posted on the UNIDO India web site. Interested parties—GoI departments, affiliated institutions, State authorities, business associations, civil society organizations, UNIDO staff—are invited to submitted proposals expressed in the format of a simplified Service Summary Sheet (see Appendix 1). The Service Summary Sheet is an integral part of the *UNIDO Technical Cooperation Guidelines* (August 2006); it is the starting point in the formulation of a project document;

- DIPP will assess the submissions against the general Guidelines. The Screening of proposals will rely on a transparent set of quantitative criteria, assigning a premium to innovative and cross cutting proposals. If warranted, DIPP and URO will complete the Service Summary Sheet with elements such as country-level coherence, cross-organizational linkages and services required, and contribution to development goals such as the MDGs;

- The Service Summary Sheet is then ready for submission to the Quality Assurance Group at UNIDO headquarters, and the process leading to a detailed project document unfolds as per the *UNIDO Technical Cooperation Guidelines*;

- The UNIDO Quality Assurance Group ensures compliance with the *UNIDO Technical Cooperation Guidelines*.



I.6 Implementation procedures

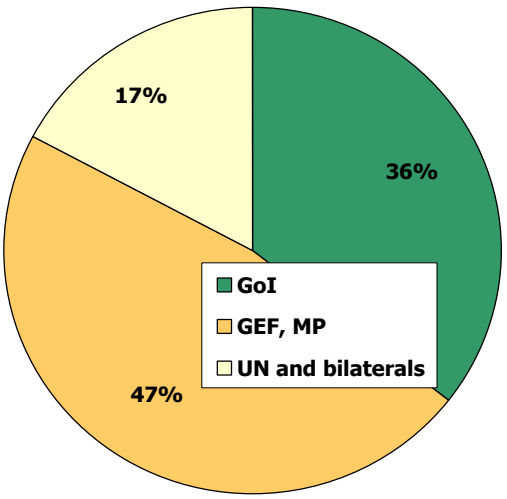
The execution of the programme will be governed by UNIDO's *Technical Cooperation Guidelines* (August 2006); the Field Office in Delhi will provide appropriate briefing to the local project managers and facilitate in doing so the delivery of services under the programme.

I.7 Funding strategy

UNIDO operations in India are funded from three sources; the graphic gives a breakdown of the respective contributions in the *Country Service Framework 2001-2006*:

- *Government of India*. This includes a yearly budget appropriation in excess of US$1m controlled by DIPP and channelled through the UNIDO Industrial Development Fund. Other ministries and public institutions also contribute to UNIDO programmes through *ad hoc* Trust Funds.

- The *Global Environment Facility* and the *Montreal Protocol* funded nearly half of all UNIDO operations in India during 2001-2006. This is consistent with the aggregate picture of the incidence of these two sources of funding in UNIDO operations worldwide. In 2006, the Global Environment Facility took several steps to streamline the management of the resources under its control, of which two are of particular relevance to UNIDO: (i) UNIDO gained direct access to GEF resources (a 1999 decision of the GEF Council had yielded a list of seven executing agencies—of which UNIDO—under the Facility's Expanded Opportunities policy. Thereafter UNIDO executed GEF-funded projects through one of the three implementing agencies); and (ii) a programmatic approach whereby countries are expected to submit the GEF Secretariat a clear strategy supported by a set of project proposals—and underlying executing partners—matching the announced quantum of GEF resources;



- *Bilateral sources*. The Governments of the UK, Switzerland and Italy supported several projects under the CSF 2001-2006. However, in early 2003, the Government of India decided to concentrate its bi-lateral ODA on six development partners, namely the European Commission, Germany, Japan, the Russian Federation, UK and USA. Other partners were welcome to continue bi-lateral cooperation programmes provided they committed to a yearly ODA flow of delivery above a specified threshold; otherwise they were invited to channel their aid through NGOs or the multilateral system.

The *Country Programme 2008-2012* will further pursue these three sources of funding through a differentiated approach:

- *Government of India* and its various departments and institutions at Central and State level implement a range of public schemes announced in key policy documents such as the Five-Year Plan or the yearly Budget Speech and aimed at particular development objectives. Some, such as the *National Manufacturing Competitiveness Programme*, are particularly close to UNIDO's mandate and domain of competence. Building on the legacy of forty years of engagement in India, a multidisciplinary workforce with global exposure, a range of in-house skills that mirrors the multi-faceted demands of industrial growth in a global economy, and the neutrality associated to a UN Agency, UNIDO must position itself as a reliable partner of Government institutions and supplier of quality services in the execution of such national development schemes. Beside the Ministry of

Commerce and Industry (nodal ministry), other Ministries/Departments of Government of India will be the potential partners.

- A strategy aimed at *mobilizing GEF/MP resources* must blend convincing evidence of technical know-how on the side of UNIDO with the active support of UNIDO's nodal ministry and traditional partners within the Indian Government, vis-à-vis the national GEF and MP authorities;

- Finally, *bilateral donors* and multilateral institutions such as the European Union must see, in their support of UNIDO programmes in India, an impact that extends beyond India's boundaries, that is, the multiplier effect of further dissemination of lessons learnt through the vehicle of the UNIDO Centre for South-South Industrial Cooperation and the International Centre for Advancement of Manufacturing Technology.

I.8 RBM code and thematic area code

The dominant theme of *CP 08-12* is Energy and Environment; to a lesser extent, the programme will also support the other two thematic areas of UNIDO's corporate strategy, namely Poverty Reduction through Productive Activities and Trade capacity Building.

The relevant RBM codes (2008/2009) are:

CE12 Renewable Energy
CE13 Industrial Energy Efficiency and Climate Change
CE14 Cleaner and Sustainable Production
CE16 Montreal Protocol
CE17 Stockholm Convention
CE13 Industrial Energy Efficiency and Climate Change

CD13 Enterprise Upgrading for Trade Enhancement
CC18 Technology Diffusion
CD15 Modernization of Export-Oriented Agro-Industries

CC14 SME Cluster and Network Development
CC15 Agro-processing and Value Chain Development
CC16 Rural Energy for Productive Use

Part II — Aims, Expected Results and Structure of the Programme

COUNTRY'S INDUSTRIAL OBJECTIVE to be supported by UNIDO	To raise the competitiveness and productivity of Industrial Enterprises

OBJECTIVE OF THE UNIDO PROGRAMME

To facilitate the diffusion of best practices in manufacturing, both in India and other developing countries.

The overview in the following pages distinguishes three categories of projects in each one of the three Components of the Country Programme:

- The flagship programme, or resource centre in each one of the three components;
- The existing stock of projects that are deemed consistent with the strategic orientation of the programme;
- A tentative list of next-generation projects. The list is indicative only: it is neither exhaustive nor binding, and will be refined as the execution of the programme moves on.

Pursuant to the strategy described in Section I.4 (page 11 *et sq*), the Programme is essentially a framework that will help GoI and UNIDO drive future interventions into a coherent, focussed domain of cooperation. New projects will be subjected to the review and approval process illustrated in Section I.5 (page 14); the initial endorsement by DIPP will ensure that they are aligned to and indeed, consolidate the strategic framework.

The Programme encompasses:

- Montreal Protocol and GEF-funded projects;
- The International Centre for Advancement of Manufacturing Technology and the Centre for South-South Industrial Cooperation. While recognizing the special status of the Centres inherent in their international scope of activity, UCSSIC and ICAMT are listed here for the sake of a complete picture of UNIDO's operations in India.

Indeed, both Government of India and UNIDO see UCSSIC and ICAMT as unique International Centres whose distinct identity and international profile must be maintained. While the Country Programme 08-12 deals with projects aimed at domestic beneficiaries, UCSSIC and, to some extent, ICAMT projects are geared to foreign partners in Africa, Latin America, and in other Asian countries. The relationship between UCSSIC and ICAMT is described in the underlying documents: ICAMT as an independent entity provides technical services to UCSSIC in line with its mandate and interventions. Government of India will maintain its direct interest in UCSSIC and ICAMT and play a role in shaping its projects.

All figures are net of Programme Support Costs. In the case of on-going projects, "IP budget" refers to the remaining funds as on 01 January 2008, to be spent under the Country Programme 2008-2012.

Programme Component 1

Component Objective:
To raise the competitiveness of industrial enterprises through the introduction of environment-friendly technologies

Projects	Outcomes	Performance indicators
1.I. Flagship programme—a consolidation of two projects:		
1.1 SF/IND/04/002 **Supporting small and medium-sized manufacturers in the automotive component industry in India – UNIDO partnership programme, Phase III** Responsible parties: Ministry of Heavy Industries PTC/PSD (NS04) IP budget: US$289,487	• Widening the successful provision of the programme services • further strengthening Indian small and medium-sized automotive component suppliers to meet the requirements of vehicle and first-tier automotive component manufacturers • further build up of a sustainable institutional framework for providing practical services to SMEs achieving three inter-related objectives: (i) enhancing the performance of domestic SMEs to facilitate their inclusion in global supply chains; (ii) upgrading the competitiveness of an increasing number of target companies in India; (iii) ensuring sustainability of the programme through a conducive institutional set-up and a pool of well-trained engineers	• Significant improvements have been made by participating companies • Waiting list of enterprises ready to pay for the services • Financial sustainability of the training capacity established • Transfer to ACMA
1.2 US/IND/02/001 **Cleaner Technology Promotion in India** Responsible parties: National Productivity Council PTC/EMB (NS08) IP budget: US$614,790	• Service Providers (Institutions) trained in CT assessment, PDD, Financial Engineering, Imp. CDM, POPs etc. • 105 CT Assessments in 5 years Study-cum-Information Visit (SCIV) to Achema & Foundry Extension in Germany • 30 CT in 5 years for approx. Rs 15 Cr worth • CDM Services (5 CDM Projects)	• 10 Service Providers trained in first two years • 16 Service Providers and clients taken for SCIV • 10 on self-expense basis • 50 detailed assessments • 100 pre-assessments completed • No CTT directly through IRC but • 5 CTT through Project support • 3 projects of 150 Cr at PDD stage • 3 CDM Projects completed and validated • 2 PINS prepared

These two projects will be made to converge into a holistic training programme delivered by ACMA counsellors and Cleaner Production experts, encompassing cleaner production, occupational health and safety and other elements of sustainable production (see Section I.4 " Strategy of the CP", page 11).

The project will be supported by additional funding under the European Commission (Project 1.3 below).

1.II. On-going projects (existing stock—first generation)		
1.3 TF/IND/03/002 **Promotion of FDI in Orissa** Responsible parties: Government of Orissa, Department of Industries PTC/ITP (NS02) IP budget: US$118,097 (+ US$360,000 approved March 08)	• Establish an Institutional Mechanism for Investment Promotion (Orissa Investment Promotion Agency - OIPA); • Design & implement investment promotion strategies in sectors that are drivers of economic growth; • Forge linkages and networks with all possible stakeholders to maximise investment potential in non-traditional sectors	• Institutional framework established for OIPA – Team Orissa Secretariat • National Institute of Design contracted for branding, name and logo of Team Orissa • UNIDO has outlined the detailed strategy and business plan of OIPA for three years. Yearly Action Plans, Terms of References, Reporting Tools are transferred as daily working tools • A modern and refurbished office infrastructure with networking and IT connectivity established • OIPA has started functioning with a core team of 15 • Orissa Investment and Export Promotion Office (OIEPO) established in New Delhi and operating with a core team of four • Training sessions conducted on 'Investor Facilitation' and 'Investment Promotion' • 1st batch of sector and location audits concluded with database of CMIE • Various meetings conducted by OIPA with investors and the private sector in India, to present opportunities in Orissa • OIPA runs promotion programmes with UNIDO ITPO UK and ITPO Japan. In both programmes delegates are established for match-making as well as related CDM opportunities • OIPA participates in national and international fairs and seminars to showcase the investment potential in Orissa. Working protocols have been established • An investors' survey commissioned through IMRB to determine the parameters / triggers that would result in up-scaled investments in Orissa • OIPA counts with a suit of promotional tools, including a web site, investor guide, sector profiles, presentations, newsletter, brochures and short video
1.4 US/IND/05/001 and TF/IND/07/001 **National Programme to support energy efficiency and quality standards in ceramics SMEs** Responsible parties: DIPP National Council for Cement and Building Materials PTC/ECC (NS06) IP budget: US$318,144	• Overall cost saving of 20-25% through adoption and replication of the energy efficient technologies and other measures • 10 representative ceramic SSI units selected from Morbi and Khurja clusters for demonstrating energy efficient technologies and process • Capacity building including trained manpower, high quality standards in hand tool production, strengthening of the National Institutes • 50 managers, experts and planners trained • Visit to 2 international trade fairs along with study trips.	• The diagnostic studies and detailed energy audit of 15 selective units has established the potential of 20-25% saving in energy bill of units • 15 SSI units, 8 in Khurja, 4 in Morbi and 3 in Thangadh selected for energy audit and demonstration of energy efficient technologies • Industries Association at Morbi and Thangadh and CGCRI Khurja provided capacity building assistance • 50 entrepreneurs and shop floor workers trained on lean manufacturing and energy efficiency measures. More training and seminars on other aspects to follow. A manual on Quality standards and Shop floor safety practices is being developed for shop floor workers • First Exposure visit to China planned during June / July 2007

	• Cross cutting themes such as gender strategy • Common Testing Facility at Khurja • Periodic review of achievements undertaken on quarterly basis at the project level & half yearly basis at the Steering Committee level	• Industry encouraged to employ women in light jobs suitable for them and provide equal benefits to them • On hold for want of release of funds from Industrial Infrastructure up gradation Scheme Khurja under TFA as per project document • The Steering Committee met once to review the progress and chalk up strategy for implementation
1.5 DG/IND/04/952 GN/IND/98/G34 **Coal Bed Methane Recovery and Commercial Utilization** Responsible parties: Ministry of Coal PTC/ECC (NS06) IP budget: US$168,788	• Procure international mining equipment and recruit international technical experts in the design and specification of equipment in order to carry out demonstrations on the use of CBM at the two coal mines in the Jharia coalfield • Strengthen capacity of government agencies in developing and supporting activities with to respect mining and associated coal bed methane recovery activities	• Conducted two study tours for high level officials as part of capacity building • Procure 26 mining equipment packages through international bidding process
1.6 MP/IND/05/007 MP/IND/06/001 **CTC Phase Out for the Consumption and Production Sectors in Selected Manufacturing Companies in the Process Agent Sector in India** Responsible parties: Ministry of Environment and Forests, Ozone Office PTC/MPB (NS07) IP budget: US$829,573	• Provide relevant cost effective and environment friendly technologies and training to the pharmaceutical and agro-chemical enterprises to phase out Carbon Tetra Chloride (CTC) on the manufacturing processes • Assist beneficiary enterprises to comply with the Montreal Protocol requirements and thereby supporting the Government of India to meet deadlines in the phase out of CTC as set in the Montreal Protocol	• Phase out 760 ODP tonnes from selected enterprises involved in the pharmaceutical and agro-chemical business
1.7 US/IND/04/054 **Renewable Energy-Based Economic Development** Responsible parties: DIPP PTC/ECC (NS06) IP budget: US$69,596	• The project will establish Community Development Centres in the Laccadives islands (India). The CDCs will be powered by renewable energy hybrid systems and will be equipped with ICT systems designed and developed for the socio-economic situation of the union territories. The CDC is expected to provide a model for directing sustainable energy sources towards Information Communication Technologies to achieve economic and social progress in the selected islands and develop hydroponics to support growing of vegetables in the coral islands through availability of fresh water through desalination/distillation. The model which is being piloted fits into an approach which offers scope for reduction in shipping fossil fuel from mainland India, revitalising the traditional industries, provision of vocational training, drinking water services and a host of economic and social benefits.	• Two Pilot Community Development Centres (CDC) in selected outer islands in the Laccadives • A project proposal to scale-up the efforts nationally • Guidance for similar initiatives other Small Island Developing States

	In addition to piloting the model, human and institutional capacity building efforts are also proposed to ensure sustainability of future initiatives.	
1.8 US/IND/05/006 **UNIDO-FICCI Partnership** Responsible parties: FICCI PTC/ECC (NS06) IP budget: US$83,019	• To strengthen the capacities of FICCI to promote the development of industrial sectors through improvement in technology, quality management and environment protection	• Two pilot experiences in apple cluster in Himachal Pradesh and banana cluster in Maharastra • FICCI quality monitoring lab at Dwarka upgraded
1.9 TF/IND/07/005 and XP/IND/08/001 **Eco-city – eco-business partnership in India** Responsible parties: MoEF PTC/ECC (NS06) IP budget: US$325,485	• To introduce and demonstrate viability of eco-business partnership concept and approaches in selected Eco Cities in India • To disseminate best practices and lessons learned under Eco Business Plan in the City of Vienna to selected Eco Cities in India.	• Eco Business Plans for selected Cities • Demand driven demonstration pilots in renewable energy, energy efficiency, and waste management • Strengthened capacities of local institutions and agencies • Exchange of information and experiences on best practices • Improved policy planning for selected Eco Cities.
1.10 GF/IND/07/004 **Development of a National Implementation Plan in India as a first step to implement the Stockholm Convention on Persistent Organic Pollutants (POPs)** Responsible parties: MoEF PTC/EMB (NS08) IP budget: US$3,069,439	• To enable India to take the first steps towards implementation of the Convention	• A comprehensive National Implementation Plan (NIP) incorporating an assessment of the national baseline with regard to POPs chemicals. • Management strategies, action plans and investment needs required by India to meet its obligations under the Convention • A methodology for the identification of sites contaminated by POPs or products containing POPs • A Capacity Building Programme proposal to meet India's long term institutional strengthening and capacity building needs • Management and information systems functioning at national level and instigated at state leve • A national information centre established and information dissemination and public awareness and education campaigns developed • A pilot study to investigate the exposure to POPs and their adverse effects with special emphasis on the health of women and children • Research study on non-POP alternatives for vector control • A pilot project to develop a detailed inventory methodology for PCBs • A pilot capacity building programme on PCBs management • A demonstration of methodologies to promote the implementation of best available techniques (BAT) and best environmental practices (BEP) to reduce unintentional production of POPs in key sectors of industry

1.III. Pipeline projects (second generation)		
1.11 US/IND/08/002 and SF/IND/08/003 (DC(H)) SF/IND/08/004 (NEC) XP/IND/08/xxx **Promoting livelihoods in NE India: the Cane and Bamboo Networking project** Responsible parties: North-Eastern Council DIPP DC Handicrafts PTC/AGR (NS05) IP budget: US$2,064,472	• Training on furniture manufacturing costing and design • Purchase of additional equipment for pilot facility and extension of the pilot plant under UNIDO's supervision • Prototype designs and semi finished products out of bamboo conducted by UNIDO focused on export industry and domestic market in cooperation with Indian factories.	• Manufactures will be able to produce high quality furniture and semi finished products • More than 100 entrepreneurs/managers/ planners/technicians trained according to international standards • Know-how transfer to local industries • Final production and use of the semi-finished boards laminated beams and glued strips for the prototypes • Key personnel trained • Machinery adaptation for processing of sympodial bamboo • Know –how transfer to R&D activities • Further processing of semi finished products and construction of prototypes ready for process in final products in different Indian factories. Efficient technologies as well as processes introduced and demonstrated. • Preparation to enter export markets • Availability to participate in international exhibitions
1.12 GF/IND/08/xxx **Industrial Applications of Renewable Energy Technologies and Energy Management Standards in Selected SME Clusters in India** Responsible parties: DC MSME PTC/ECC (NS06) Tentative budget: US$0.3m (PDF-B) US$7.5m (main project)	• Improved productivity and competitiveness of energy-intensive SME clusters through the widespread use of renewable energy technologies	• Feasibility studies in selected SME Clusters; • Pilots demonstration projects; • Centre of Excellence on Solid Bio-fuels Technologies at the Indian Institute of Sciences, Bangalore; and • Training programmes and capacity building of stakeholders
1.13 SF/IND/08/xxx **Programme for technology upgradation and Greenhouse Gas (GHG) emission abatement in Firozabad glass industry cluster** Responsible parties: DC MSME PTC/ECC (NS06) Tentative budget: US$0.3m (Feasibility) US$0.7m (Main Project)	• Feasibility study on switching the 800 furnaces operating by coal to gas in the glass industry - Firozabad. • Study on the cluster approach and institutional setup including legal framework • New design of Furnaces proposed and introduced • Comprehensive study on the CDM including the switching from Coal to Gas as well as the introduction of the new Technology • Framework program developed for upgrading the technical skills and capacity building services of the existing institutions.	• Framework of operation in order to phase out the use of coal furnaces and switch to cleaner technologies • The diagnostic study detailing the specific energy audits of about 20 units to potentially reserve energy for about 15 -20 % and the formation of 5-8 clusters • Saving in energy bills • Positive responses from the small glass industry operators • Meetings of the associations and the SC. • CDM-PDDs document prepared and submitted. • Training programme is conducted for about 50 small operators and advice services on energy saving is extended to about 15 Auxiliary Heaters users on energy

1.14 US/IND/05/009 and SF/IND/05/010 **Technology upgradation, design, development and productivity improvement in the Indian leather sector** Responsible parties: DC MSME PTC/AGR (NS05) Tentative budget: US$1m	• Demonstration of cleaner technologies and efficient production processes • Facilitating design and product development • Specific interventions for technology and design development in the saddlery sector • Productivity improvement through technology, capacity-building and best practices • Market development through market access initiatives	• Reduction of pollution; improvement in productivity • Increased design output of agencies and private enterprises; 20 designers trained • Report on technology gaps; improved performance of private enterprises • Report on global benchmarks; increased productivity in pilot enterprises • Report on model leather complexes; strategy for FDI and JVs—volume of FDI and number of JVs created
1.15 GF/IND/08/xxx **Post-NIP activities: elimination of PCBs in the electricity distribution sector** Responsible parties: MoEF CPRI Ministry of Power CEA PTC/EMB (NS08) Tentative budget**:** US$6m		
1.16 MP/IND/08/xxx **HCFC- consumption phaseout activities in the transport refrigeration sub-sector** Responsible parties: MoEF, Ozone Cell PTC/MPB (NS07) Tentative budget: US$3m		

Programme Component 2

Component Objective:
To raise the competitiveness of small and medium enterprises in relatively backward regions through innovative cluster-based approaches

Projects	Outcomes	Performance indicators
2.I. Flagship programme—Cluster Mapping		
2.1 US/IND/08/xxx **Cluster Mapping** Responsible parties: DIPP URO PTC/PSD (NS01) PCF/SPP Tentative budget: US$2m	• A census of SME clusters across the country will yield accurate data on production, employment, and other economic variables to offer a solid basis for targeting GoI schemes and UNIDO future programmes • As a public good, it will also help other Government parties and ODA providers better focus their assistance to SME clusters • *Ad hoc* variables such as skill profiles or energy use can also be included in the census to address specific data requirements of partners in the project	• An authoritative publication on SME clusters in India • Reference to the DIPP-UNIDO census by Government Ministries and Departments, and by other providers of technical assistance • Use of the census results for policy design • Use of the census results for future UNIDO projects
2.II. On-going projects (current stock—first generation)		
2.2 TF/IND/04/048 **MSME Cluster Development Programme in the State of Orissa** Responsible parties: Government of Orissa, Handicrafts Directorate PTC/PSD (NS04) IP budget: US$353,704	• Dynamism and collective efficiency sustainably improved in at most four clusters selected by UNIDO, the Donor and the Official Counterpart with the objective of reducing poverty • Supportive business environment and policy framework created for the effective implementation of cluster development initiatives in the state of Orissa, with exchange of experience with other duster initiatives in India	• At least some of the local industry associations, and/or self-help groups, and/or NGOs and/or cooperative societies undertaking in a professional manner local development activities • At least one of the involved local organisations undertaking strategic development initiatives, either directly or in collaboration with public institutions • Local stakeholders contribute at least 40% of the financial resources directly spent on local developmental activities. • The assisted cluster actors more competitive either in terms of growth (if there is a general upswing) or the negative trend more than the others (if there is an overall decline) • Among the hundred firms in the Rourkela cluster, around forty firms will be targeted directly by the project. In each of the handloom and handicraft clusters, at least 500 weavers/artisans will be targeted directly, 40% of which women • At least part of the existing public support schemes modified for a more flexible support of the MSMEs in the clusters • More responsive dialogue between the public and the private sector leading to renewed instances of public-private partnerships • Public departments or support institutions

		in each cluster independently undertaking cluster initiatives • At least one each among the local industry associations, universities/ technical institutions, financial institutions and/or NGOs undertaking collaborative initiatives for cluster development, including fund-raising • In every cluster assisted by the public institutions the following will be observed ▪ At least one CDA deputed in the cluster and trained in the principles of cluster development ▪ A diagnostic study of each clusters completed and validated ▪ Annual action plans prepared and validated by cluster stakeholders ▪ A number of enterprises and networks of local enterprises (to be identified in annual action plans) assisted through collaborative means locally. ▪ Documents/workshops prepared to disseminate best practices and results achieved.
2.3 TE/IND/04/001 **TE/IND/04/A01** **TE/IND/04/B01** **TE/IND/04/C01** **TE/IND/04/D01** **Consolidated project for SME development in India through establishment of mutual credit guarantee scheme, cluster twinning and foreign investment and technology promotion** Responsible parties: DC MSME PTC/PSD (NS04) PTC/ITP (NS02) URO IP budget: US$825,621 (forthcoming: US$3.0m of which $1.5m—NS02 and $1.5m— NS04, tentatively)	*Cluster twinning* • Proposals finalized for cooperation between Indian and foreign clusters in a selected industrial sector, with particular emphasis on training programs identified and approved by the Indian partner institutions and by the foreign counterpart institutions • Capacities of the institutions operating in the field of training in each of the selected clusters upgraded and new services/functions for the Indian support institutions identified. • Capabilities of Indian SSIs in the field of production, design, innovation, marketing, and purchase of inputs upgraded	• Choice of target clusters and partner institutions operating therein finalized by Steering Committee • Pre-diagnostic studies carried out • Foreign partner clusters and counterpart institutions identified. • Sensitisation and awareness building in each of the Indian clusters • Preparation of a cluster profile indicating key gaps • Proposal submitted to the foreign counterpart for each of the clusters • Each Indian counterpart institution endorses the proposal by the foreign counterpart. Areas of cooperation between twinned institutions identified. Memoranda of under-standing signed • At least five staff per cluster from the Indian partner institutions trained • Representatives from the Indian government and clusters aware on the institutional support framework • Indian SSIs sensitised about the opportunity to strengthen their competence in the field of production, design, innovation, marketing, and purchase of inputs • Capabilities of at least 30 Indian SSIs per cluster upgraded in the field of production, design, innovation, marketing, and purchase of inputs • Capabilities in the field of production, design, innovation, marketing, and purchase of inputs of approximately 10 Indian SSIs per cluster tested in inter-national exhibitions

	• Cooperation between Indian and foreign clusters institutions enhanced Potential overall performance indicators: **Investment and technology** • Sustainable network of SME Business Promotion Institutions (BPI) providing investment and technology promotion services and access to selected international promotion and financing platforms • Working with and through strengthened BPI partners, improve readiness and skills in selected SME Indian enterprises interested in investment and technology promotion • Working with strengthened BPI and SME companies, develop selected investment generation tools, networks and B2B match-making initiatives and facilities • Establishing a working institutional network of international and national SME equity capital funds, institutions and operators for project financing and investment structuring Potential overall performance indicators The success of the project will be measured in both qualitative and quantitative terms. Since the envisaged activities will mainly be geared towards the preparation and the successful brokering of concrete investment and other business partnerships between Indian SMEs and foreign companies from selected priority sectors, the project outcome would, among others, be judged against:	• Feasibility studies for new BDS, new service centres, technology tie-ups, institutional linkages and sub-contracting agreements ▪ number of institutions participating in the project activities and of memoranda of understanding signed between Indian and foreign institutions ▪ number of tutorial training courses carried out ▪ number of participants to the training courses ▪ number of workshops and study tours arranged ▪ number of new business development services made available ▪ improved productivity and capacities of Indian SSIs in the beneficiary clusters ▪ Number and outcome of specific/detailed business negotiations and projects finally concluded ▪ Number of participating equity financing partners, submissions and approval rates ▪ Number of SMEs advised and type of advisory service offered ▪ Number of SME entrepreneurs trained and type of training offered ▪ Number of Indian companies registered in the databank ▪ Number of investment project profiles prepared and distributed for promotion ▪ Number of inquiries, number of contacts between Indian and foreign companies. ▪ Number of motivated and participating BPI, number of BPI trainers trained ▪ Utilization indicators of the project completion facility ▪ Utilization indicators of the web site portal ▪ Number/frequency, quality of sector analyses undertaken ▪ Number of SMEs advised and type of advisory service offered ▪ Number of Indian companies registered in the databank ▪ Number of tutorial exchanges brokered between foreign and Indian companies ▪ Number of investment project profiles prepared and distributed for promotion ▪ Number of contacts between Indian and foreign companies successfully brokered (both in India and abroad) ▪ Number and outcome of specific/detailed business negotiations, number of pre-feasibility studies undertaken/generated and of projects finally concluded

2.III. Pipeline projects (second generation)		
2.4 TF/IND/08/xxx **Khagra Brass and Bell Metal** Responsible parties: DC MSME DIPP PTC/ITP (NS02) Tentative budget: US$740,000	• To improve the working and economic condition of artisans through technology-led interventions for enhancing the productivity of the sector and poverty alleviation • To help develop a new range of products, diversify it, optimize the use of work force and materials and develop a self-sustainable model of operation for further development and growth and replication in of he regions of the country	▪ The income level of target artisans will increase by minimum 100% within two years of commencement of the project ▪ Employment opportunities for at least 500 additional artisans will be created.
2.5 TF/IND/xx/yyy **Support to Clusters of Artisans in KBK Districts of Orissa** Responsible parties: Government of Orissa PTC/PSD (NS04) Tentative budget: US$500,000	• Contribution to a One-UN Initiative launched in mid-2007 by the Office of the UN Resident Coordinator, in cooperation with the Government of Orissa. Other participating agencies are UNDP, UNICEF, UNFPA, WFP, UNESCO and WHO	▪ Improved livelihoods in the KBK districts which count amongst the poorest in India, through extension services to clusters of grassroots enterprises and artisans

south-south cooperation

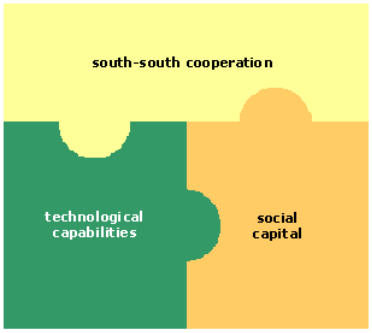
Programme Component 3

Component Objective:
to facilitate the participation of developing countries in the global economy through south-south cooperation

Projects	Outcomes	Performance indicators
3.I. Flagship programme (UCSSIC Secretariat)		
3.1 US/GLO/06/015 **Centre for South-South Industrial Cooperation[16] (Secretariat)** Responsible parties: DIPP PCF/SPP (NS09) IP budget: US$277,347 (+US$796,460 committed)	• Exchange of experience in industrial policy • Institutional and enterprise networking for enhancing productive capacities and trade, technology and investment flows	▪ Concrete programmes implemented ▪ Trade, investment or technology exchanges ▪ Demand from other developing countries for the services of the Delhi Centre
3.II. On-going projects (south-south cooperation/ICAMT projects)		
3.2 SF/GLO/02/004 International Centre for the Advancement of Manufacturing Technology (ICAMT) Responsible parties: DIPP PTC/ITP (NS02) IP budget: US$670,657	• The Centre assists the developing countries in enhancing their technological performance in manufacturing, productivity, quality of goods and competitiveness through the transfer of advanced manufacturing technologies, promotion of North-South and South-South cooperation and building up partnerships for sustainable development.	
3.3 TF/RAS/04/A01 **Regional Network on Pesticides for Asia and the Pacific Neem Phase II (RENPAP)—Coordination Unit in New Delhi** Responsible parties: Ministry of Chemicals and Fertilizers PTC/EMB (NS08) IP budget: US$21,367 (+ US$111,376 committed)	RENPAP is a growing network of Asian countries dedicated to: • promoting environment and user-friendly crop protection agents through cleaner production and environmentally sound management practices • reducing risk in the use of crop protection agents through information exchanges amongst selected scientific institutions in eight countries • supporting the farming community with user-friendly crop protection agents, the operators and workers in the production facilities with a safer work place and the governmental institutions with tools to protect the environment from the toxic effects of the crop protection chemicals through proper monitoring systems .	The RENPAP network originally started in India, and remains monitored out of New Delhi. • The Coordination Unit in New Delhi will: • provide guidance to the Network, facilitate the experts' group meetings • organize exchanges of scientific and technological information amongst the eight Focal Points • consolidate the information generated into the proceedings of the Network.

[16] It is understood that the agenda of the UNIDO Centre for South-South Industrial Cooperation will be shaped by three considerations: (i) the UNIDO Integrated Programme 2008-2012, of which it is part; (ii) demands from other developing countries collected by UNIDO's global network of field representation, south-south centres, or investment and technology promotion offices and conveyed through UNIDO Headquarters; and (iii) GoI's strategy of engagement with other developing countries in trade and investment areas in which the UNIDO Centre in Delhi may be called to play a particular role. Indeed, GoI will retain a direct role in the scope of intervention of UCSSIC.

3.III. Pipeline projects (south-south cooperation/ICAMT projects)		
3.4 US/GLO/07/xxx **Operational Phase of ICAMT** Responsible parties: DIPP PTC/ITP (NS02) Tentative budget: US$2.0m	• To develop and implement sectoral projects and programmes related to promotion of growth and competitiveness of Indian small and medium enterprises in manufacturing industry through technology led interventions • To enhance the competitiveness of small- and medium-sized enterprises through firm level interventions with special emphasis on technology upgradation aimed at enhancing productivity, improving quality and mobilizing resources for sustainable growth • To strengthen technical capacity and manufacturing capability in India and other developing countries through facilitating transfer and adaptation of new and relevant technologies and innovations • To cater to the needs of enterprises in selected manufacturing sectors by providing technology transfers and sourcing, technology assessment, project execution assistance, technical consultancy services & technology information services • To enhance the competitiveness of manufacturing industry through various innovative approaches and activities in the form of organizing skill development programmes, technology workshops and seminars, setting up design clinics, promote application of Lean Manufacturing concept in the SME sector • To enhance use of ICT in the manufacturing sector	• Enhanced productivity and share of export of SMEs supported by the projects • High interest of other sectors in replication of projects • Enhanced exports market share and increased revenue of the companies participated in the project • Enhanced performance and productivity of industrial sectors received the technical assistance • Increased number of technical assistance projects, services and requests from companies • Changed performance of local industry. • New technical support centres and services established • Changed performance of local industry. • New technical support centres and services established ▪ New IT tools and software developed
3.5 US/GLO/08/xxx **UCSSIC (Programme)** Responsible parties: DIPP PCF/SPP; various PTC branches (NS09,tentatively) IP budget: US$3m	• Replication of best practices for poverty reduction • Strengthening of national and local innovation systems • Promotion of regional trade and regional integration	▪ Ten concrete projects of south-south cooperation implemented ▪ Trade, investment or technology exchanges



Programme Component 99

Overall Management:
Promotion of *CP 08-12*; Support to Service Delivery and Programme Development

Projects	Outcomes	Performance indicators
99.I. Flagship programme		
n.a.		
99.II. On-going projects		
99.1 US/IND/00/094 **Support to the UNIDO Regional Office in India** Responsible parties: DIPP, URO (NS09) IP budget: US$36,520	• Enhanced visibility of UNIDO in India • Increased awareness of UNIDO services amongst Government and donors • Effective support of URO to facilitate the execution of the programme	▪ A communications strategy defined ▪ Media communications: website, brochures, newsletters, photos, videos
99.2 XP/IND/07/002 Programme Support for CP India Responsible party: URO (NS09) IP budget: US$9,037	• Support the formulation of the *CP 08-12*	▪ Field missions by UNIDO staff to support the programme formulation process and finalize project documents
99.3 XP/GLO/06/B27 Programme Support Facility--India Responsible party: URO (NS09) IP budget: US$13,790	• New initiatives launched (CBTC/2, renewable energy and energy management standards for clusters of SMEs, downstream activities in Punjab	▪ Project documents for CBTC/2 available by October 2007 ▪ Project documents for submission to GEF under the renewable energy and energy management standards ▪ Project profiles for Punjab
99.4 TF/IND/07/003 Associate Expert # 1 Responsible party: URO (NS09) IP budget: US$92,131		
99.III. Pipeline projects		
99.5 US/IND/08/xxx **Support to URO India** Responsible parties: DIPP, URO (NS09) Tentative budget: US$300,000	• Enhanced visibility of UNIDO in India • Increased awareness of UNIDO services amongst Government and donors • Effective support of URO to facilitate the execution of the programme	▪ A communications strategy ▪ Media communications: website, brochures, newsletters, photos, videos ▪ Adequate office space to accommodate expanding staff or URO India ▪ Adequate support staff (accountant)
99.6 TF/IND/08/xxx Associate Expert # 2 Responsible party: URO (NS09) IP budget: US$200,000		

99.7 XP/IND/10/xxx XP/IND/13/xxx **Independent Evaluation of the *CP India 08-12* at mid- and end-points** Responsible parties: DIPP, OSL/EVA (NS09) IP Budget: US$120,000		

Part III — Programme Management

III.1 Coordination and monitoring

III.1.1 Two-tier monitoring

The coordination and monitoring structure mirrors the two-stage integration approach:

- *Individual projects* will be subject to their built-in monitoring mechanisms: typically a Steering Committee chaired by the counterpart Ministry and convened on a regular basis;
- IP 08-12 features a National Steering Committee. The various programme/projects will be regularly monitored on a half yearly basis through the National Steering Committee actively involving DIPP

The *CP-level* monitoring function will be exercised by quarterly meetings between DIPP and URO.

III.1.2 The role of URO India

The Regional Office in Delhi will contribute to a stronger relationship between UNIDO and the Government of India through the sustainable expansion of the technical cooperation programme. “Sustainable” suggests that progress will not only be measured in increased delivery volumes: it must also reflect the capacity of UNIDO to establish a brand name of quality services of increasing relevance to local stakeholders.

The UR Office will strengthen dialogue with Governments, Private Sector, UN Organizations, bilateral and multilateral assistance providers etc. to coordinate and mobilize resources for programmes and projects in the countries of its coverage. It develops a strategic framework of cooperation and active partnership between UNIDO and strategic partners including programme countries, United Nations agencies and the Resident Coordinator System, non-governmental organizations, and representatives of other multilateral and bilateral organizations to forge effective relationships and communication networks to leverage UNIDO’s inputs through a coordinated approach to development assistance in these countries.

The resources available to URO India are clearly bounded, at least in the short run. Thus an expanded portfolio of technical assistance requires action at two levels:

- Increasing productivity of the Regional Office;
- Leveraging extra-URO resources.

Various initiatives are under way on both fronts. The Regional Office has taken steps to raise productivity by:

- Streamlining procedures to ensure consistency with UNIDO’s Technical Cooperation Guidelines while facilitating service delivery;
- Establishing an imprest account in May 2007: payments are now processed directly by the Regional Office resulting in faster and more accurate financial monitoring of technical assistance resources;
- Installing a computer network connected through a secure VPN link to UNIDO HQs databases for real-time management of financial data, entry of budget revision proposals, etc;

However, there is a limit to the gains that can be reaped through productivity enhancing measures alone. Further progress calls for leveraging extra-URO resources through:

- Analyzing administrative processes with a view to transferring part of the workload to projects (that is, TC budgets and administrative resources);
- Developing a close relationship between URO and one “flagship project” in each one of the components of the future Country Programme. The flagship projects are endowed with specialized expertise and implementation capacity; they will (i) act as advisors to URO within their respective domains of competence, (ii) provide conceptual and methodological guidance to other projects within their respective components, and (iii) drive integration both within the component and, in cooperation with URO, amongst components;
- Soliciting innovative ideas from a wider group of stakeholders (UNIDO programme managers, Indian institutions, industry, civil society etc) and select those that are deemed to consolidate the strategy by applying a set of pre-defined criteria.

III.2 Programme evaluation requirements

An independent evaluation will be scheduled at mid-point of *CP 08-12*, that is, in early 2010. It will review the achievements of the programme against the stated objectives, and formulate recommendations for possible adjustment of the strategy with respect to substantive content, execution procedures, funding, etc.

III.3 Prior obligations and prerequisites

IP 08-12 is designed as a seamless continuation of *CSF 01-06*. A prerequisite was an in-depth evaluation of the Country Service Framework, which was carried out in November 2006 while the evaluation report was submitted in January 2007.

III.4 Risks

The evaluation of the *CSF 01-06* had highlighted a number of inherent weaknesses which, if left unattended, would pose significant risks for future activities. CP *08-12* features a number of pre-emptive measures to avoid:

- fragmentation and a lack of structural coherence (through, *inter alia*, the two-stage integration approach)
- limited monitoring at component and programme levels (through the creation of flagship programmes in each one of the three components)
- lack of transparency in execution procedures, and inconsistent compliance with established regulations (through a strict compliance with UNIDO August 2006 TC Guidelines, particularly with respect to recruitment and procurement)
- slow review and appraisal of new project ideas (through a straightforward pre-screening mechanism).

III.5 Legal context

The operations of UN and UN Specialized Agencies in India are governed by the *United Nations (Privileges and Immunities) Act [1947]* (see http://www.mea.gov.in/actsadm/30aa14.pdf). The Ministry of External Affairs released in June 2006 an updated version of the *Protocol Handbook* that provides guidance on a streamlined implementation of the provisions of the 1947 UN (P&I) Act.

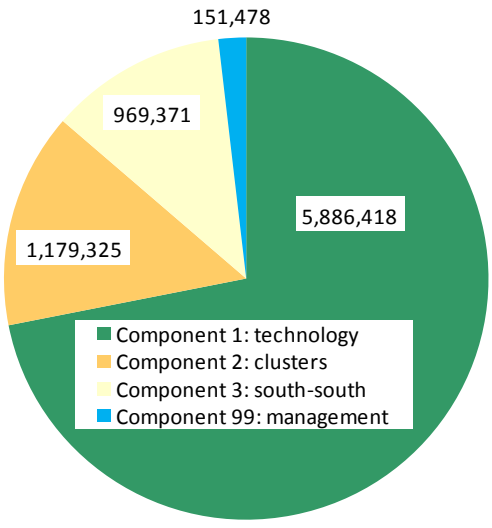
Part IV — Estimated Budget Requirements

IV.1 Current stock of projects

A total of 25 initiatives, currently under way in areas consistent with the trust of *CP 08-12,* form the current generation of projects. They together bring into *CP 08-12* a start-up capital in excess of US$8m distributed as follows *(source: UNIDO Financial System, April 2007)*:

Project No	Description	Allotment 2008— (US$)	SM	Comp
DGIND04952	Coal bed methane recovery and commercial utilization	50,000	06	1
GFIND07004	Development of NIP for the elimination of POPs	3,069,439	08	1
GNIND98G34	Coal bed methane recovery and commercial utilization	118,788	06	1
MPIND05007	CTC phase-out for the consumption and production sectors	488,250	07	1
MPIND06001	CTC phase-out for the consumption and production sectors	341,323	07	1
SFGLO02004	Operational Phase of the ICAMT	670,657	02	3
SFIND04002	Supporting SMEs in the automotive industry	289,487	04	1
TEIND04001	Consolidated SME project - coordination component	33,301	04	2
TEIND04A01	Consolidated SME project - cluster twinning component	103,534	04	2
TEIND04B01	Consolidated SME project - investment promotion component	299,330	02	2
TEIND04C01	Consolidated SME project - credit guarantee component	330,284	02	2
TEIND04D01	Consolidated SME project - leather component	59,172	05	2
TFIND03002	Project to support implementation of Orissa's IPR 2001	118,097	02	1
TFIND04048	MSME - Cluster development programme in Orissa	353,704	04	2
TFIND07001	National programme for energy efficiency and quality in ceramics SMEs	134,743	06	1
TFIND07003	Associate Expert # 1	92,131	09	99
TFIND07005	Eco-city – eco-business partnership in India	221,195	06	1
TFRAS04A01	RENPAP-II Coordination Unit in India	21,367	08	3
USGLO06015	UNIDO Centre for South-South Industrial Cooperation	277,347	09	3
USIND00094	Support to URO	36,520	09	99
USIND02001	Cleaner Technology Promotion In India	614,790	08	1
USIND04054	Renewable energy-based economic development	69,596	06	1
USIND05001	National programme for energy efficiency and quality in ceramics SMEs	183,401	06	1
USIND05006	Business partnership programme for the development of selected sectors	83,019	06	1
XPGLO06B27	Programmatic support facility - India	13,790	09	99
XPIND07002	IP Programming Mission to India	9,037	09	99
XPIND08001	Eco-city – eco-business partnership in India	104,290	06	1
Total		**8,186,592**		

In addition to US$8.2m of financial resources readily available at UNIDO, another US$6.8m (net of Agency Support Costs) are already committed by donors: US$3.8m from GoI towards the Centre for South-South Industrial Cooperation, and US$3.0m from the Government of Italy towards the consolidated SME project. This brings the quantum of funds deposited and committed to a total of US$15.0m.



The breakdown per component shows a strong emphasis on technology issues, particularly in relation to environment protection in manufacturing activities. Likewise, the distribution across UNIDO Service Modules highlights the incidence of the Montreal Protocol and other large-scale environment-related projects on the current portfolio. While driving new projects into a coherent strategy, *CP 08-12* overall will gradually take on its final profile (see graphic below).

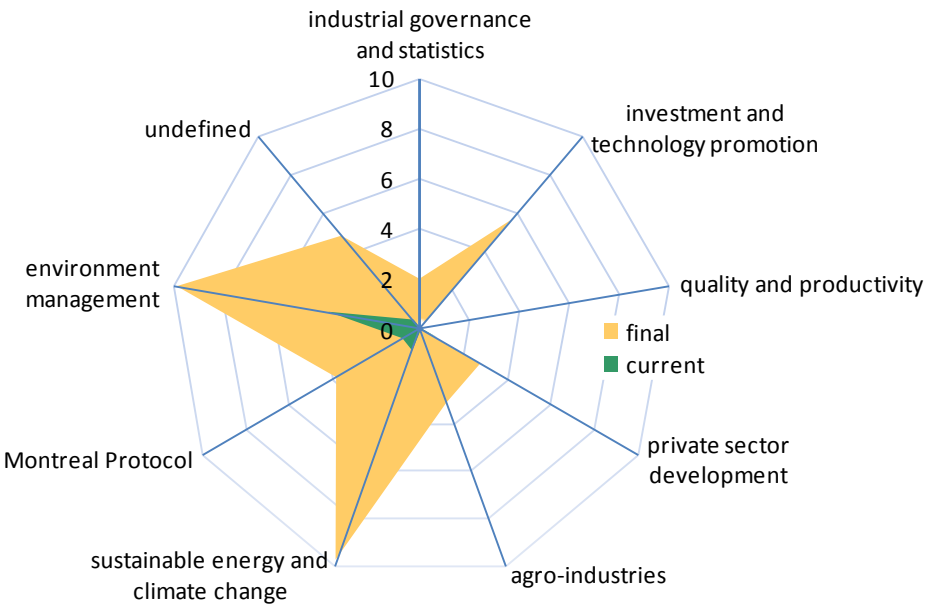
IV.2 Next generation of projects

Several new projects are under development; they will come on stream in 2008/2009, and will form the second generation of projects under *CP 08-12*. The expected delivery under the current stock and the second generation of projects yields an indicative budget figure for *CP 08-12*:

by service module		current stock (US$)	pipeline (US$)	total CP (US$)
NS01	industrial governance and statistics	0	2,000,000	2,000,000
NS02	investment and technology promotion	1,418,368	4,240,000	5,658,368
NS03	quality and productivity	0	0	0
NS04	private sector development	780,026	2,000,000	2,780,026
NS05	agro-industries	59,172	3,064,472	3,123,644
NS06	sustainable energy and climate change	965,032	8,800,000	9,765,032
NS07	Montreal Protocol	829,573	3,000,000	3,829,573
NS08	environment management	3,705,596	6,111,376	9,816,972
NS09	undefined	428,825	4,416,460	4,845,285
	total	**8,186,592**	**33,632,308**	**41,818,900**

The new inflow of resources expected in the second half of *CP 08-12* will alter the distribution profile of UNIDO's Service Modules (SM) in the programme:

Fig 5 — Expected delivery per Service Module (US$m)



The green-shaded area indicates the current profile based on the existing stock of project; the yellow area shows the distribution for the entire *CP 08-12*. The difference[17] shows the strategic orientations of the next generation of projects; in a result-based-management framework, it also helps delineate the particular deployment of expertise at UNIDO headquarters that will be necessary to lend adequate technical support to the India programme throughout its execution.

[17] The surface of the two shaded areas is irrelevant, as it is essentially a reflection of the arbitrary sequence of Service Modules. Therefore a comparison between them is meaningless. The shaded areas only help visualize the intersects along each one of the nine dimensions of coordinates (that is, the expected volume of delivery under each one of UNIDO's nine Service Modules).

References

CENTAD (2007): *South Asian Yearbook of Trade and Development 2006*, Centre for Trade and Development, Wiley-India, New Delhi, March

Government of India (2006): *National Manufacturing Competitiveness Council: A Profile*, Vigyan Bhavan Annexe, New Delhi

Government of India (2006): *The National Strategy for Manufacturing*, National Manufacturing Competitiveness Council, Vigyan Bhavan Annexe, New Delhi, February

Government of India (2006): *Millennium Development Goals - India Country Report (2005)*, Ministry of Statistics and Programme Implementation, New Delhi, February

Government of India (2006): *Towards Faster and More Inclusive Growth*, Planning Commission, Yojana Bhavan, December

Government of India (2006): *Level and Pattern of Consumer Expenditures 2004-2005*, National Sample Survey, Ministry of Statistics and Programme Implementation, New Delhi, December

Government of India (2007): *Economic Survey 2006-2007*, Ministry of Finance, Government of India Press, February

Government of India (2007): *Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector*, National Commission for Enterprises in the Unorganised Sector, August

International Monetary Fund (2007): *India: 2006 Article IV Consultation—Staff Report*; Staff Statement; and Public Information Notice on the Executive Board Discussion, IMF Country report No. 07/63; Washington DC, February

The Hindu (2006): *Survey of Indian Industry 2006*, Chennai

UN Country Team in India (2007): *UN Development Assistance Framework 2008-2012*, New Delhi, February

UNIDO (2001): *Country Service Framework for India*, signed by the Government of India and UNIDO on 05 December 2001, United Nations Industrial Development Organization, Vienna, December

UNIDO (2006): *Technical Cooperation Guidelines*, Vienna, August

Annex 1 — Indicative work plan

	2008	2009	2010	2011	2012	2013
Component 1: Technology, energy and environment						
1.1 Flagship programme ACMA-CP						
1.2 Flagship programme ACMA-CP						
1.3 FDI Orissa						
1.4 Energy efficiency in ceramics						
1.5 Coal Bed Methane						
1.6 CTC Phase-Out						
1.7 Renewable energy						
1.8 UNIDO-FICCI partnership						
1.9 Eco-cities						
1.10 POPs NIP						
1.11 Cane and Bamboo Technology						
1.12 Renewable energy in SMEs						
1.13 CDM Firozabad						
1.14 Technology in leather industry						
1.15 Post-NIP on PCBs						
1.16 HCFC in transport industry						
1.17 …						
Component 2: SME clusters, social capital and rural livelihoods						
2.1 Flagship programme: cluster mapping						
2.2 Cluster development in Orissa						
2.3 Consolidated SME development						
2.4 Khagra brass and bell metal						
2.5 Delivery as One: KBK in Orissa						
2.6 …						
Component 3: South-South Centre and ICAMT						
3.1 Flagship programme: UCSSIC						
3.2 ICAMT						
3.3 Operational phase ICAMT						
3.4 UCSSIC—Secretariat						
3.5 UCSSIC--Programmes						
3.6 …						
Milestone: mid- and end-point evaluations						

Legend

Current stock

Second Generation

Annex 2 — Outline of duties and expertise required for international experts

Appendix 1 — Service Summary Sheet

Service Summary Sheet

Programme/project/ research title:

Country: India

Date proposal received by UNIDO:

Origin of proposal:
(Provide name of requesting organization describing the nature of the organization, if necessary, government, institution or enterprise and indicating whether it is a follow up to a Programme/Project Progress Review or an in-depth evaluation. For research projects, cite reference to medium-term programme framework)

Problem/research issue to be addressed:
(*Provide a short description of the problem addressed and its relation to the development goals of the country or, in the case of research, its relationship to the Corporate Strategy and the medium-term programme framework*)

Expected target beneficiaries:
(*For technical cooperation: Who will benefit from the counterpart organization's increased capacity as a result of the services delivered, for example - shoe manufacturing industry or small- scale entrepreneurs. Are the problems of the target beneficiaries known, what are they? Be as gender specific as possible. How will the proposed service help solve those problems? Can the target beneficiaries be reached through the counterpart structure envisaged?*
For research: Identify the users of the project outputs: UNIDO technical cooperation activities, policymakers, business community, development agencies, research community and international organizations. Identify also the service modules that will benefit from the research project.)

Counterpart organizations (for technical cooperation only):
(What are the functions of the counterpart organization with regard to the problem area discussed above? What constraints does the organization face when helping the target beneficiaries solve their problems? Will women benefit? If already assisted, why is UNIDO assistance required once more?)

Programme/project/research purpose:
(*What service(s) are being requested of UNIDO? How will the service proposed be used by the counterpart organization to solve their constraints and problems? How will the research project contribute towards improving the research issues to be addressed?*)

International development goals:
(*Indicate the specific international development goals addressed and the measurement of impact in terms of specific indicators. Describe how the project could contribute, directly or indirectly, to the country's efforts to realize both the MDGs and those set by subsequent global conferences such as Finance for Development and World Summit on Sustainable Development*)

RBM code (see Annex 17) and thematic area code[18]

Immediate objectives and expected outcomes and outputs:
(*Provide a short description of the results UNIDO services will yield, including performance indicators at the output and outcome level, and indicate the relevance of outcomes to national development objectives and priorities*)

[18] The theme codes are: EAE, PRP and TCB

Proposed cross-organizational linkages and service required:
(Indicate what service modules will be offered and the units involved. Describe team-building steps undertaken to date and describe what is planned. In the case of research projects indicate other research institutions directly involved in the project and describe the mode of cooperation.)

Country-level coherence (for technical cooperation only):
(In order to avoid duplication, indicate linkages and synergies with any other development cooperation agencies such as multilateral, bilateral and non-governmental organizations active in this area in the country. Indicate the extent of the project's contribution to the country-level programming framework (CCA and UNDAF)?)

Estimated budget:
(Indicate as far as possible the inputs required and the amounts involved by budget line.)

Expected source of funding: *(Insert "X" in the applicable box below)*

UNIDO Programmable Funds:	
IDF/TF:	
SF:	
UNDP:	
Other ( ):	
Not known:	

Strategy envisaged for mobilizing funds:

Are funds required for developing and formulating the project? (For technical cooperation only)
___ yes ___no

If yes, please provide information on the TOR of the mission and indicate the proposed budget and source of funding, together with details of the related inputs and activities (see separate form: Request for funding of preparatory assistance, Annex 3)

Name of proposed project manager:

Name and signature of submitting PCF/RFC officer: Date:

Name and signature of PTC Branch, PCF/SPP or PCF/RST officer: Date:

I certify herewith that the above request for services has been positively assessed against all the relevant UNIDO criteria, and that, when further developed, it stands a good chance of being successfully funded and implemented by UNIDO.

Name and signature of Chief, Regional Programme Date:

Name and signature of Director, PTC

Name and signature of Director PCF/RST (for research projects)

Name and signature of Director PCF/SPP (for special programme projects)

For global and interregional projects

Name and signature of Director, PCF/RFC

cc. Managing Director, PTC
Managing Director, PCF

Unit	Item	2000	2001	2002	2003	2004	2005	2006
Labour								
Million	Population	1,019	1,038	1,055	1,073	1,090	1,101	1,118
Million	Labour force, of which	346	...	...	...	...	381	...
Million	Agriculture	202	...	...	...	...	207	...
Million	Industry	55	...	...	...	...	69	...
Million	Others	80	...	...	...	...	92	...
National Accounts								
INR billion	GDP, 99/00 factor costs, of which	18,648	19,729	20,477	22,226	23,897	26,045	28,482
INR billion	Agriculture	4,456	4,735	4,393	4,833	4,831	5,121	5,259
INR billion	Industry, including	4,810	4,941	5,289	5,679	6,233	6,830	7,576
INR billion	Mining	426	433	472	486	523	541	569
INR billion	Manufacturing	2,846	2,918	3,117	3,324	3,611	3,940	4,425
INR billion	Electricity, gas and water	454	462	484	507	545	574	617
INR billion	Construction	1,084	1,127	1,217	1,362	1,554	1,775	1,966
INR billion	Services, including	9,382	10,053	10,795	11,714	12,833	14,094	15,646
INR billion	Trade, transport and	4,157	4,536	4,955	5,553	6,160	6,802	7,686
INR billion	Finance	2,431	2,608	2,816	2,973	3,232	3,585	3,964
INR billion	Public adminstration and others	2,795	2,909	3,024	3,187	3,440	3,706	3,997
INR billion	Net indirect taxes and subsidies	1,661	1,637	1,685	1,797	2,126	2,379	2,602
INR billion	GDP, current factor costs	19,254	21,002	22,653	25,494	28,559	32,509	37,435
% of GDP	Gross domestic capital formation	24.3	22.9	25.2	28.0	31.5	33.8	...
indices	Implicit GDP deflator	8.9	8.3	8.2	8.1	8.9	9.1	9.1
External Trade								
INR billion	Trade balance	(273)	(362)	(421)	(657)	(1,164)	(1,752)	...
INR billion	Exports fob, of which	2,036	2,090	2,551	2,934	3,619	4,457	...
INR billion	Pearls, precious and semi-precious	...	350	440	495	649	702	...
INR billion	Textiles and textile articles	529	494	574	619	643	790	...
INR billion	Mineral products	130	151	207	260	526	763	...
INR billion	Base metals and articles thereof	138	136	205	259	388	425	...
INR billion	Chemical products	194	203	261	304	373	476	...
INR billion	Imports cif, of which	2,309	2,452	2,972	3,591	4,783	6,208	...
INR billion	Mineral products	835	791	995	1,085	1,639	2,330	...
INR billion	Pearls, precious or semi-precious	443	446	507	650	934	916	...
INR billion	Machinery and mechanical	316	354	494	620	836	1,143	...
INR billion	Chemical products	196	232	253	312	411	529	...
INR billion	Base metals and articles thereof	100	122	129	179	283	436	...
USD million	Exports fob, of which **	42,626	45,227	50,496	61,119	75,385	97,918	118,995
USD million	X to United States	9,083	9,355	10,308	11,364	12,839	16,363	20,903
USD million	X to United Arab Emirates	2,469	1,679	3,119	4,676	6,605	8,282	10,224
USD million	X to People's Republic of China	758	1,545	1,720	2,710	4,178	6,445	9,518
USD million	X to United Kingdom	2,233	2,467	2,413	2,892	3,415	4,780	5,325
USD million	X to Hong Kong, China	2,608	2,088	2,552	3,100	3,554	4,266	4,311
USD million	Imports cif, of which **	50,336	59,034	58,912	74,070	99,835	134,690	184,290
USD million	M from People's Republic of China	1,449	2,094	2,603	3,738	6,073	9,829	16,047
USD million	M from United States	3,152	4,141	4,129	4,890	5,981	7,591	11,100
USD million	M from Switzerland	3,020	427	2,465	3,067	5,192	6,380	6,605
USD million	M from Belgium	3,073	2,966	3,475	3,910	4,419	4,676	6,378
USD million	M from Germany	1,780	2,272	2,310	2,790	3,631	5,368	8,460

/ctd

Unit	Item	2000	2001	2002	2003	2004	2005	2006
Balance of Payments								
USD million	Merchandise exports fob	45,452	44,703	53,774	66,285	85,206	105,152	127,090
USD million	Merchandise imports cif	(57,912)	(56,277)	(64,464)	(80,003)	(118,908)	(156,993)	(191,995)
USD million	Trade balance	(12,460)	(11,574)	(10,690)	(13,718)	(33,702)	(51,841)	(64,905)
USD million	Services and income balance	(3,312)	(882)	197	5,639	10,447	18,371	27,881
USD million	Current transfers	13,106	15,856	16,838	22,162	20,785	24,284	27,415
USD million	Current account balance	(2,666)	3,400	6,345	14,083	(2,470)	(9,186)	(9,609)
USD million	Direct investment	3,272	4,734	3,217	2,388	3,713	4,730	8,495
USD million	Portfolio investment	2,346	2,853	1,023	8,216	8,833	12,494	7,004
USD million	Net errors and omissions	(305)	(194)	(200)	602	607	838	1,271
USD million	Capital account balance	8,840	8,551	10,840	16,736	28,022	23,400	44,944
USD million	Overall balance	5,869	11,757	16,985	31,421	26,159	15,052	36,606
Public Finances								
INR billion	Current revenue	1,926.1	2,013.1	2,308.3	2,638.1	3,059.9	3,474.6	4,233.3
INR billion	Taxes	1,366.6	1,335.3	1,585.4	1,869.8	2,248.0	2,702.6	3,459.7
INR billion	Non-taxes	559.5	677.7	722.9	768.3	811.9	772.0	773.6
INR billion	Current expenditure	2,778.4	3,014.7	3,387.1	3,620.7	3,843.3	4,397.6	5,067.7
INR billion	Current surplus/deficit	(852.3)	(1,001.6)	(1,078.8)	(982.6)	(783.4)	(923.0)	(834.4)
INR billion	Capital receipts	1,341.8	1,625.0	1,805.3	2,113.3	2,003.9	1,795.5	1,473.8
INR billion	Capital expenditure	477.5	608.4	745.4	1,091.3	1,139.2	663.6	748.7
INR billion	Capital account surplus/deficit	864.3	1,016.6	1,059.9	1,022.0	864.7	1,131.9	725.1
INR billion	Overall surplus/deficit	(1,188.2)	(1,409.6)	(1,450.7)	(1,232.7)	(1,257.9)	(1,464.4)	(1,523.3)
INR billion	Domestic borrowing	1,125.1	1,368.5	1,551.2	1,367.6	974.4	1,358.2	1,335.1
INR billion	Foreign borrowing; use of cash bal.	63.08	41.05	(100.51)	(134.88)	283.50	106.12	188.18
External Indebtedness								
USD million	Principal repayments on LT debt	6,661	7,312	11,258	14,653	15,874	17,809	5,800
USD million	Interest on long-term debt	3,996	4,296	4,090	5,940	3,187	6,200	4,508
USD million	Interest on short-term debt	185	112	146	57	188	326	…

Source:
Asian Development Bank: Key indicators of Developing Asian and Pacific Countries, April 2008;
IMF (2007) for BoP and Public Finances; UNIDO calculations

** *in calendar year -- all other data: national accounts, balance of payments and public finances are based on the Fiscal Year (01 April-31 March)*

UNIDO Regional Office for South Asia
UN House, 55 Lodi Estate
New Delhi 110003, India
Phone +91 11 24643484
Email office.india@unido.org