

Theme of the Event:

5th International Seminar of the BIMSTEC Countries on 9th and 10th Feb. 2010 at Kolkata on the theme "Relevance of Lean Manufacturing Concept for development of MSME Sector in BIMSTEC COUNTRIES in Competitive Economy in Competitive Economy in association with Indian Institute of Foreign Trade, Kolkata & Centre for MSME Studies

Brief note on the objective(s) of the event and likely outcomes/benefits arising out of the proposed participation in the event

OBJECTIVE (S) OF THE EVENT:

Introduction:

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) comprising Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand, set up in 1997 is a \$810 billion economy sharing about 22% of the world population and 3.64% of surface area. The members of the BIMSTEC countries have listed thirteen priority areas, mostly economic, closely related to the other.

In the second BIMSTEC summit, held on 11-12 Nov. 2008, it has been agreed *to cooperate in expanding the technology base of member States through collaboration and partnerships targeted towards micro, small and medium enterprises and decided to establish technology/transfer/exchange facility in Sri Lanka.* It has also been agreed *to strengthen cooperation on poverty alleviation* and amongst others, agreed *to share experience and collaborative effort to jointly face the global financial crisis, while taking into account the needs of the vulnerable sections of society.*

Small and Medium size Enterprises SMEs in BIMSTEC countries are playing a key role in the economic growth and industrial development of the member countries. They are making vital contribution in improving economic and social sector of BIMSTEC countries through stimulating large scale requirement, investment, development of indigenous skill and technology promotion of entrepreneurship and innovativeness, enhancing exports, and also building an industrial base at different scales. SMEs in the world wide have been benefited from the combined interactions of forces of product mix, locational factors and market advantage. Structural and operational changes at the global level have intensified the competition internationally where multinationals are playing pivotal role. At the same time, the increase in market competition and entry of trans-national players, in other wise protected market have made the operational conditions, difficult for SMEs. Emphasis are always given in development of SMEs, since it has been seen as a major employment providing in Least Developing Countries (LDCs). The SMEs in LDCs are producing products and services with moderate quality, applying out dated technologies, and have been facing tough competition with the imported products. The situation may further be worsened in the days to come because MSMEs have to compete with international competitors **due to free trade and phasing out of tariff barriers.** Therefore, the changes that have been taking place in the international economic scenario, have definitely brought challenges for the MSMEs. At the same

time, it should be remembered that on-set of globalization has resulted in economic integration across the world and **regional economies** are playing a proactive role in the integration process through their linkages with global economic structures and process.

Keeping that background in view, at a time, when employment and job opportunities have become scarcer and scarcer, it stands to reason that industry should come up with some solution. The concept of Lean Manufacturing System is one such scheme for implementation for the benefit of Micro, Small and Medium Enterprises Sector.

Objective (s)

The main objective of the theme of the seminar is to enhance the manufacturing competitiveness for Micro, Small and Medium Enterprises by:

1. Need Assessment of the units/mini cluster/cluster;
2. Level of preparedness for
 - a. Understanding the concept of Lean Manufacturing System; and understanding the concept of Six Sigma;
 - b. Application of Lean Techniques and Six Sigma
3. Lean Techniques to identify and eliminate waste in the manufacturing process;
 - a. Wasteful activities,
 - b. Add speed; and
 - c. Establish the flow;
4. To stream line the manufacturing process;
5. To make improvement in the entire process flow;
6. To evaluate entire operation of unit;
7. To improve few identified areas of operations after evaluation;
8. To ensure workers' empowerment;
9. To ensure team building
10. To identify MSMEs located in the particular cluster having potential for improvement in competitiveness and productivity – and to start with, it would be mini-cluster comprising of ten units;
11. To generate awareness amongst the MSME units as to the benefits arising out of application of Lean Manufacturing Programme.

The purpose of Lean Manufacturing Programme will be to assist the MSME units in reducing their manufacturing cost through proper personnel management, better space utilization, scientific inventory management, improved process flow; improve Logistic Chain Management reduced engineering time, quick delivery order to serve the need of the customers for their satisfaction, improved customer satisfaction by improved, Scientific management and out sourcing and so on. The Lean Manufacturing Programme will bring improvement in the quality of the products with competitive cost, and extend maximum customers satisfaction and enabling to build brand, which are essential for competing in national and international markets.

It could be observed that large enterprises have been adopting Lean Manufacturing Programme to remain competitive but MSMEs have generally stayed away from such techniques. Here, in this programme, **we made endeavour** to solicit cooperation from Japan, since this technique of Lean

Management and Six Sigma have gained ground in Japan and Japan can play greater role in providing assistance in technical know how of implementation Lean Manufacturing Programme and they can very well assert how they are applying this techniques in the manufacturing units in their country, be it small, medium large enterprises, Japan's experience in this area will be an added advantage to the MSME sector of the BIMSTEC countries and the member countries will be acquainted with the Japanese way of manufacturing, their tools and techniques for their success. The case in point is application of Lean Management concept and Japanese way of manufacturing its tools and techniques in Thailand, which is perhaps, the first amongst the developing countries, which brought them success. Last but not least, there is a need for engaging Lean Manufacturing Consultant/Counsellor.

Likely outcomes/benefits arising out of the proposed participation in the event:

Barring Thailand, MSMEs in BIMSTEC countries, including India, are not aware of the concept of Lean Manufacturing Programme and naturally, they are also not aware of likely benefit to flow arising out of application of Lean Manufacturing Programme. The net out come, out of the deliberations will

Change the mindset of the entrepreneurs of the MSME sector

Make them cost conscious;

Make them conscious to avoid wastage, in terms of money, time, energy, rejection;

Make them to avoid defective product/service;

Help them to avoid over production;

Help them to avoid warehousing problem;

Help them to minimise the inventory;

Make them aware about the need of the customer, time, delivery and place of delivery of product

Ultimately, the unit will be profitable one.

Entrepreneurs/participants/Office Bearers of MSME Associations will get exposure on Japanese techniques of Lean Manufacturing Management

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