

**Submitted to : AS & DC, SSI, Govt of India, Ministry of SSI by ED, IIA
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SME incubator to foster infant enterprises submitted to AS & DC, SSI Govt. of India

I refer to a news item published in Economic Times recently regarding setting up of incubator for SME in NSIC (Copy enclosed for ready reference). The concept no doubt is excellent and also not a new one. Having actively involved in the process of SME development since 1983, I have seen many such attempts but could not find even a single success story till date. I have worked actively with industry associations. In industry both Small & Big, Industry Services & Consultancy institute and Educational & Training Institutions for more than 33 years. Therefore then would like to submit some of my experiences and suggestions which you may find useful and the situation might improve if these suggestions are implemented.

There are so many reasons for this failure but few important reasons and corresponding solutions are as under :-

1. Isolated approach of the Industry Support institutions including NSIC

I am aware about the huge network of industry support institutions under the Ministry of SSI/SIDO i.e. SISI's, RTC's, FTS's, PPDC's, Tool Rooms, NSIC, Entrepreneurship Development Institutions and a large contingent of able officers and staff sitting at Nirman Bhawan. Almost all these institutions and experts are working in isolation and sometimes feels that they themselves are competent to develop & support Entrepreneurs. Ideally entrepreneurship development includes activities such as Market research, Product development, Product Manufacturing, Technology Development, Business Development Strategies, Providing all kinds of informations, Credit facilitation & marketing support etc. An Expert institution/organization might have expertise in one or more fields but not all. Hence they provide the facilities/support in that limited area and sometimes try to educate the entrepreneurs in the areas which they do not know properly.

Solution

All institutions under SIDO/Ministry of SSI need to know each others strengths and Co-ordinate for organizing SME development activities jointly. Such interaction is required not only internally but externally with industry, other professional institutions and more importantly with reputed SME Associations also.

2. Improper Utilisation of the existing facilities

I am also aware about the facilities created in PPDC's, Tool Rooms and SISI's etc. All these facilities can be utilized as incubators for developing entrepreneurs. These facilities are not being utilized because :-

- Lack of competent Staff/experts.
- Upgradation not done with the change/need.
- Incubation is not in the agenda/activities list.

Solution

Employees of the PPDC's/SISI's Tools Rooms should be forced to carry out industry jobs/projects in the facilities and impart training to the regular trainees/prospective entrepreneurs on these jobs projects. The institutions should be allowed to levy some Service Charges from the industry. If machines/equipments are not suitable to carry out industry jobs, these should be upgraded/modified to suit the needs of the industry. This action alone will help in many ways i.e.

- (i) The staff will interact with industry and will get to feel the real environment.
- (ii) Staff will be able to improve their skills and knowledge according to the real world of work. Hence becomes more competent to guide new/existing entrepreneurs
- (iii) Machines lying idle will be put to use.
- (iv) Institutions will earn some money to be spent on maintenance and upgradation.
- (v) The trainees will get training/exposure which is real as such will be better equipped to start own ventures.
- (vi) The institution will automatically turn out to be an incubation centre.

3. Interaction between SME Associations and SIDO institutions

It is observed that either the interaction is not there and even if it is to some extent, there is a mismatch in the perception. Due to this mismatch, the general feeling in the industry is that the SIDO institutions are not very helpful. Therefore programmes and activities of the institutions are not very well attended by the existing entrepreneurs however there might be some response from the unemployed youths for obvious reasons.

Solution

Reputed industry associations and experts from industry should be represented in the Governing Councils not for name sake but for active contributions. An executive committee for each institution should also be constituted under the chairmanship of a representative of office of DC, SSI (not less than the rank of Industrial Advisory). This Executive Committee should have members from industry associations/industry and respective CEO of the institution should be the member convener. Recommendations of this committee should only be discussed in the Governing Council meeting.

REPLY RECEIVED FROM MR. JAWHAR SIRCAR, AS & DC (SSI) GOVT. OF INDIA ON 4TH APRIL 07

I have received your letter & appreciate the several ideas given therein. I am examining them. Hope to see you in Lucknow in June, after the elections are over.