



INDIAN INDUSTRIES ASSOCIATION

BODY OF SMALL & MEDIUM INDUSTRIES

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**(a&b) BOTTLENECKS AND SUGGESTIONS RELATING TO
INFRASTRUCTURE, TECHNOLOGY AND
AVAILABILITY OF SKILLED MANPOWER
CONFRONTING MSE SECTOR**

1. INFRASTRUCTURE

Adequate infrastructure facilities are necessary for the overall development of every sector of the economy. In the wake of liberalisation and globalisation, it has become imperative to provide world class infrastructure facilities to Micro and Small Enterprises in order to make these competitive. Both the Central and the State Governments are making continuous efforts to upgrade the infrastructural set up of the various States/ Union Territories (UTs)/ Districts of the country. In spite of all this, the micro and small scale entrepreneurs are constantly facing the problem of infrastructural bottlenecks, which restricts their day-to-day business operations as well as their future growth prospects.

Infrastructure needed by MSE's include Availability of Industrial land, transportation facilities like railways, waterways, roadways and airways, adequate and good quality supply of power, well established channels of telecommunication, adequate water supply, proper drainage systems, common effluent treatment plants, proper street lighting, common facility centres, MSE product display centres and testing labs etc. Lack of any of these facility can cause serious damages to the firm's value chain process, that is, to the production, consumption and distribution of the products of Micro and Small Enterprises, who already face problems of lack of finance, inadequate marketing facilities, technological obsolescence, etc.

Some of the major problems faced by Micro and Small scale entrepreneurs and suggested measures to overcome these with respect to infrastructure are:-

S.No	PROBLEM	SUGGESTED MEASURES
1	<p>Large number of Micro and Small Scale Enterprises are located in rural areas or small towns in the country where almost all the infrastructure facilities stated above are either not present or are inadequate. About 2000 rural and artisan based clusters exist in India which contribute significantly in India's Exports as well as employment generation.</p> <p>In urban areas also large number of Micro and Small Enterprises are scattered and hence do not have the access to</p>	<p>Special fund for development / providing Industrial infrastructure for these small clusters be created by the Central and State Governments.</p> <p>Till adequate power supply is not made available to Micro and small enterprises in the rural areas, they may be given incentives for installing Generating Sets and the difference in the cost of Gen Set Power and the utility power may also be compensated.</p>

	adequate infrastructure facilities.	
2	Directorate of Industries and SIDC's, in various States have set up Industrial Estates in different parts of the Country especially for Micro and Small Scale Industries. The condition of physical infrastructure in these estates such as Roads, Drainage, common effluent treatment plant, Electrical infrastructure etc needs heavy investment. Directorate of Industries / SIDC's do not have enough funds to improve the situation and occupants are also not able to afford the initial expenditure. Though, once the infrastructure is developed it can be maintained by the occupants through co-operatives or by the local bodies through the maintenance tax charged from the occupants.	Government of India may consider one time grant to the State Governments for development of the infrastructure in these Industrial Estates. This grant may be made available directly to SPV's in each industrial areas for better utilisation.
3	New Industrial Areas developed by State Industrial Development Corporations do not have the provision to earmark a certain percentage of the plots to be allotted to MSE's.	At least 45 % of the land in new industrial areas should compulsorily be reserved for Micro and Small Units by the developers.
4	Micro and Small scale enterprises face shortage of power supply, due to which they are unable to make full utilization of plant capacity. Most of them find it difficult to install their own power generating plants, so as to ensure uninterrupted operations, due to lack of required funds and high cost of power so generated.	<p>1.Incentives for installing Captive power plant / power generator should be provided in the form of capital subsidy/interest subsidy.</p> <p>2.Distributed Power plants of smaller capacities should be set up / incentivised especially for MSE's</p> <p>3.Availability of 24 hours power supply should be ensured to Micro and Small Enterprises. States having shortage of power supply and drawing power from the Central pool should be advised ensure continuous power supply to MSE's in the state.</p>
5	Micro and Small Entrepreneurs generally are not able to participate in the industrial exhibitions at State / National / International Levels.	The exiting schemes should be reviewed for more liberal assistance

6	<p>There is no facility for them to display their products even at State Headquarters. As such there is a need for crating MSE's Display Centres at District / State and National Level wherein quality and unique products of MSE's can be displayed at nominal charges.</p>	<p>MSE product / catalogue Display Centres should be established at District , State and National Level in PPP model with MSME Associations and the operation of the Display Centres should be left to the MSME Association. One time setup cost may be born by the Government and the operational cost may be born by the MSME Association.</p> <p>National and International visitors / buyers / business delegations should be contacted and invited to visit these Display Centres regularly.</p>
7	<p>Lack of effective common facility centres for MSE's</p>	<p>The existing Common Facility Centres such as Testing & Quality Control facilities etc set up by the Central or State Governments should be operated jointly with MSME Associations. New Centres may also be planned to be set up in PPP mode with MSME Associations.</p> <p>Alternatively the infrastructure available in Technical Institutions may be utilised for providing common facilities to MSE's. This approach will help in providing the students of the designated technical institutes enough practical exposure similar to what the students of Medical Sciences get during their course of studies. Financial model can be developed to suite the user as well as provider with intervention of Govt. subsidy wherever required to achieve the economic viability of the proposition.</p>
8	<p>Lack of common effluent treatment facility in industrial areas</p>	<p>The developers of the Industrial Estates must create such facilities in every industrial areas.</p>
9	<p>Central and State Governments are putting lot of efforts on Cluster development. The efforts are towards new clusters or old homogenous clusters. The scheme of cluster development need to be extended to heterogeneous industry clusters for providing Road, Water supply and Street lighting etc.</p>	<p>The scheme of Cluster Development should be extended to the Cluster of industries where different types of production units are operating for providing Road, Water supply and street lighting etc.</p>
10	<p>Problems of import /export infrastructure</p>	<p>Govt. agencies such as Customs etc</p>

		<p>providing services to the MSE's should be operative all the time without any break or leaves in the department (24x7x365).</p> <p>Adequate ICD facilities should be provided in all export areas.</p>
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2 TECHNOLOGY

While Globalisation had thrown open many opportunities for the MSE's it has brought numerous Challenges also along with it. In today's WTO scenario MSE's face completion from other countries as well. To survive and to become globally competitive, the MSE's have to become efficient , quality focused and innovative. The viability of MSE's in such environment can only be ensured through Technology adaptation and up gradation.

Some of the major problems faced by Micro and Small scale entrepreneurs and suggested measures to overcome these with respect to Technology are:-

S.No	PROBLEM	SUGGESTED MEASURES
1	<p>Lack of awareness about new technologies- Micro and Small Entrepreneur generally have to manage all the functions of an enterprise single handily. Hence is not aware about the availability and suitability of New Technologies. Central Government and the State Governments though have initiated several measures to facilitate the MSE's in this direction but the effectiveness and adequacy of these measures need to be looked into. Few examples of such measures are:</p> <p>a) Setting up of MSME Technology Development Centres by Ministry of MSME, Govt. of India which are to provide product specific technical services and to develop & upgrade technologies. These Centres are set up for few products only and in these product groups also MSE's are not satisfied with the services being provided by the Centres</p> <p>b) TIFAC (Technology Information Forecasting and Assessment Council) is operational under Ministry of Science and Technology Govt of India. The</p>	<ul style="list-style-type: none"> • Interaction between the Technology Development and R&D Institutions and the Industry is almost absent which needs to be improved. Industry do not have faith and confidence in the capacity and capabilities of the Institutions which can be gained if Institutions go to Industry and take up their problems and solve them satisfactorily. • The Governing Bodies of the Institutions should have MSME association representatives. • Frequent and regular joint programmes on availability of Technologies and new technological developments should be organised by the Institutions with MSME Associations. • Technology Development and R&D Institutions /Centres should publicise availability of technologies and new developments through MSME Associations News Magazines. MSME Associations should subsidise their advertisements

	<p>approach of TIFAC MSME Program starts with a comprehensive assessment of technology needs and gaps of the cluster followed by the design and implementation of targeted technical interventions for the particular cluster by the academic / R&D institutions that act as knowledge partners. The interventions include product / process technology improvement, testing and quality issues, and training / capacity building.</p> <p>However their intervention is also limited to few clusters only i.e Casting (Howrah, West Bengal – Ferrous),Surgical instruments, (Baruipur, W.B),Sports Goods (Jalandhar, Punjab), Diesel Pumps (Rajkot, Gujarat), Agricultural Implements (Karnal, Haryana), Scientific Instruments (Ambala, Haryana), Rural Pottery (Panchmura, Bankura, W.B., Khurja, U.P.), Carpet Industries (Bhadohi, U.P.),Hand made Paper (Sanganer, Jaipur, Rajasthan),Rubber Cluster (Agartala, Tripura).</p> <p>c) National Manufacturing Competitiveness Programme concept is excellent however the implementation of various interventions under this programme such as Promotion of ICT, Incubator scheme, Design Clinic, IPR and Bar Code etc for MSE’s need to be reviewed for effective implementation.</p> <p>d) There are National and State level institutions such as IIT’s, CFTRI, NRDC (National Research Development Corporation) and other R&D Institutions who are mandated to develop and provide technologies. However, they have also failed to reach the MSE Sector Or they are beyond the reach of MSE Sector.</p>	<p>rates to the extent as applicable for their members.</p> <ul style="list-style-type: none"> • Soft loans for procurement of new technologies should be made available specially in view of the FTA’s being signed with various countries where interest rates are very low.
2	<p>Difficulties in Technology Access, Transfer and absorption – Though Technology Bureau of Small Enterprises (TBSE) was established in 1995 with the</p>	<p>A Technology Bank for MSE’s should be set up in TBSE which may also provide services such as project report preparation, project evaluation, risk</p>

	objective to facilitate the Access, Transfer and Absorption of Technology in SME's yet the delivery is well below expectations of MSE's.	assessment and risk mitigation measures to the MSE's adopting new technologies. TBSE may be managed in PPP mode with the active participation of MSME Associations.
3	Non availability of reliable, up to date and implementable Project profiles and Project Reports for MSE's.	All Technology Development Centres / Institutions should publish the project profiles and project reports and update these regularly. The date of updating should be mentioned clearly on the report. A copy of such profiles and reports should be made available to MSME Associations in soft copy for their records. IIA have set up an MSME Data Centre with the help of Ministry of MSME Govt. of India wherein these reports can be stored and made available online.
4	MSE's find it difficult to locate the right source of Technology for solving their problems related to productivity & quality etc. Even if they know it, they do not find time to go there and spend enough time with them. The R&D Institutions / Technology Providers generally are reluctant to go upto the needy and solve their problems.	The R&D and Technology Development / providing institutions should take up productivity and quality problems of MSE by visiting them / inviting the problems through respective websites. Services of such institution such as NPC should be subsidised suitably to make these affordable for the MSE's

3 AVAILABILITY OF SKILLED MANPOWER

Human resources is the most important resource in any enterprise. The quality and adequacy of this resource is extremely important for the growth and prosperity of the enterprise.

The Micro and Small Enterprise sector, while contributing a major chunk in the growth of the nation economy is also a major provider to the Medium and Large scale sector for their skilled labour requirements. The Micro and Small Enterprise sector, is generally treated by the budding employee as a training ground which helps him take off in his career in the medium and large enterprises.

The above cited case acts as a deterrent and discouragement to the small entrepreneur to employ persons with high qualifications because ultimately he is to lose them to his big brother who has the financial clout as well as resources to tap him.

Some of the major problems faced by Micro and Small scale entrepreneurs and suggested measures to overcome these with respect to availability of skilled manpower are:-

S.No	PROBLEM	SUGGESTED MEASURES
1	Certificate holders are available in plenty but employable manpower as per the needs of the industry is difficult to find.	The Vocational Education and Training Institutions are also like an Industry. Their product is a critical input for the

	<p>The Government Vocational Training Institutions in the Country are not able to produce employable manpower inspite of heavy investments. Even the private institutions are producing certificate holders only.</p>	<p>Industry.</p> <p>In Industry there are number of Acts and Laws applicable for maintaining proper infrastructure and safety standards etc. Even the industrial products should also confirm to the specifications failing which the industry is held responsible.</p> <p>There is no such law / act / standard for the Vocational Education and Training Institutions who are not sincere about the quality of their products i.e trained manpower.</p> <p>If they alongwith the agency issuing the Certificate are held responsible for the failure of their product in the market , this problem will be resolved automatically.</p>
2	<p>In Micro and Small Enterprises there is lack of trained and experienced employees because MSE find it difficult to afford remunerative salaries to well trained people as well as to provide adequate training facilities to their employees.</p>	<p>Skilled and semi-skilled manpower employed in MSE may treated as trainees as for as labour laws are concerned.</p>
3	<p>Further, they find it difficult to recruit and motivate skilled managerial and technical personnel who tend to look for better opportunities in the large scale industries. Hence, they are not able to get/hold best talent in the industry. MSE's are not able to afford the high training cost of the management institutions.</p>	<p>The training fee for the employees of the MSE's in Management / National Institutions for short term courses should be subsidised by 75%.</p>

(c) *MEASURES TO MAINSTREAM / UTILISE THE INFRASTRUCTURE AND HUMAN RESOURCES OF THE STATE GOVERNMENTS (E.G. DIC'S ETC)*

- Role of DIC's is to be re-defined as facilitators of industries, collect & update industry data regularly, conduct studies and surveys and publish reports.
- DIC's may be operated jointly with MSME Associations and as an experiment few DIC's may be outsourced to MSME Associations. Outsourcing DIC's to MSME Associations will create a situation of competition which will improve the functioning of the Centres.

Anil Gupta, President, IIA