

MICRO-ENTERPRISE BUSINESS INCUBATORS

By Ashwajit Singh

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Since independence, the industrial policy of the country has favoured the setting up of cottage and small industrial production units. A large number of products were reserved for these micro-enterprises. A huge number of production units came up and constituted a sizeable share of the gross national product and exports. However, the sector has faced numerous problems and not been able to cope with change and competition.

These units have come up in an unplanned manner. They suffer from lack of any policy or financial supports. They were not able to upgrade technologies or worker skills. Working conditions are unhygienic as these units operate from congested and unplanned residential or semi-industrial areas. Although these units have come up in certain cities having informal associations, they are unable to get organisational support to facilitate functioning and resolve problems.

I have been emphasising the need for infrastructure for economic growth. However, if India has to move towards true economic growth, the need for these micro-enterprise cities must be appreciated. Micro-enterprises are about poverty alleviation. It is a productive sector like any other, and better in many ways. The benefits of which trickle down to the grassroots level and economically backward areas.

It offers opportunities to relieve unemployment, underemployment and poverty. The vitality of the urban informal sector is testimony to the role of micro-enterprises where millions earn while related to the market. Policy makers need to focus on improvements through which micro-enterprises operate so that they are able to improve their productivity and economic vitality. There is an urgent need at the state level to have a clearly defined micro-enterprise support policy.

Instead of allowing these micro-enterprises to mushroom, it is necessary to give concentrated attention to their development. This can be achieved by declaring a city as a micro-enterprise city. This will help take the maximum advantage from limited resources. At a policy level, the government also can monitor the situation more effectively. These cities need to have business assistance centers, which will act as a business incubator for budding entrepreneurs. It will assist them by providing advice, assistance in preparing business plans, in reaching target opportunities and undertaking research and development. It would further help the units to grow through business counseling, training, trade shows and will also provide technology, communication and other commercial services. All these would be done under the aegis of a city-level Micro-Enterprise Training and Research Centre.

The micro-enterprise city should offer other facilities under one roof to enable economies of scale at a macro level. Here, the entrepreneur with limited internal economies of scale would be able to collectively achieve these economies of scale. This will help them to reduce cost, become competitive, improve product quality and contribute significantly to GDP. External economies of scale can be triggered off by providing help and policies in identifying sources of credit, collective procurement of raw material, record keeping and personnel management activities, loan packaging, product service arrangements and facilitating access to finance and technology. These cities would provide networking with technology providers here and abroad

including technology banks. This would assist in formulating a common marketing strategy and put in place sustainable, synergistic and strategic network with big business in private and public sectors, NGOs, national and multilateral financial institutions, donors and integration with global markets.

Micro-enterprise cities will provide employment and help identified cities to specialise in certain products and technology at a macro-level, and, at the same time, not lose their identity and specialisation at a micro-level.

We talk of infrastructure and industrial development at a national level, but the micro-entrepreneur is as important for the revival of the economy as the return of the small investor is vital for the growth of the capital market.