

World Bank to help set up tool rooms for SMEs

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To improve the competitiveness of micro, small and medium enterprises (MSMEs) in the manufacturing sector, the World Bank has joined hands with the ministry of MSME to make quality tools and testing facilities available to these enterprises at reasonable cost, by setting up tool rooms in the public sector.

This has been stated by the Federation of Micro, Small and Medium Enterprises (FISME) on its website, quoting a notification issued by R K Rai, director, tool rooms.

The proposed project will increase the competitiveness of MSMEs and conduct training programmes to improve the skill set of the labour force in key high-value engineering sectors, including electronic systems design and manufacturing, plastics, automotive and aerospace industries.

At the institutional level, the network of hi-tech tool rooms and existing training capacity is insufficient to meet the growing demand in high-value engineering design, and needs a



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focused effort in order to address declining competitiveness, according to the notification.

The manufacturing sector has been facing tough competition in the national and international markets, as most MSMEs cannot afford captive tool rooms. Tool rooms are playing a useful role, and more are needed in the country, said FISME.

The cost of each tool room is estimated at \$20 million. Thus

an outlay of \$300 million in external finance may be required for setting up the 15 tool rooms planned during the Twelfth Plan (2012-17), in addition to funds already being provided by the MSME ministry and the state government concerned.

To foster the growth of the MSME sector, the Union government has set up 10 state-of-the-art tool rooms. These promote precision and quality in the development and manu-

facture of sophisticated moulds, dyes, tools and equipment.

At present, the development commissioner for MSME operates 10 tool rooms and eight technology development centres. Several of these have been set up through collaborations with German and Danish agencies and the United Nations Industrial Development Organization (Unido). These technology centres have been providing technical and vocational training to more than 100,000 trainees annually.

The project also envisages the scaling up of the tool rooms' training activities, possibly through a change in their organisational set-up, to help improve coordination between research and industry (public and private, domestic and international), and developing linkages with ITIs and polytechnics.

According to the fourth All India Census of MSMEs, the number of enterprises and employment opportunities in this sector has grown by more than 25 per cent in the period 2006-07 to 2011-12, compared to the period 2001-02 to 2006-07.