

尾高煌之助・清川雪彦編

『インドの中小企業』

— 日本の経験をふまえて —

Konosuke Odaka and Yukihiro Kiyokawa (eds.), *Small and Medium Scale Industry in India and the Model of Japan*, Allied Publishers PVT. LTD., 2008, xv+354p.

The present volume brings together the academic inputs of a joint research project which began in 1993 and was completed in 1996. Subsequently, a seminar was held in Japan and three more chapters were added to provide a holistic perspective of the subject.

The book takes up the subject of SMEs in a comparative framework of India and Japan and the practices of Japanese style of management. SMEs, as the analysis of Japan points out, can be a source of strength for the economy and in that context the comparative analysis offers learning for Indian policy.

The subject is of critical importance as may be noted by the fact that SMEs account for a high number of business concerns/manufacturing activities in both India and Japan. According to the Census of 1987-88, 98% of all establishments were in the small scale sector, contributing 32% to total production and 29% to exports (Ch. 2). In Japan too SMEs occupied a prominent place (Ch. 3).

The book attempts to describe specific features of SMEs of the two countries. In reviewing the book it may be pertinent to draw attention to the analysis of various interrelated aspects of the SMEs in India and Japan. These have been knowledgeably brought by the contributors of this volume.

SMEs have been a source of strength in Japan's macro economy since the 1960s and 1970s (Ch. 1). They followed a vertically disintegrated network of machine production since then. In India too, SMEs have been given importance by the policy makers. However, the practice of subcon-

tracting had picked up only in the eighties as till 1988 there were only about 3000 units in the small scale sector (Ch.10). The scattered data showed that its extent was limited in few industries like Bicycles (80%), Automobiles (40% to 50%) and Machinery, Machine Tools, Electrical Equipment, Electronics and Consumer Durables (15% to 30%). It is only during the nineties and thereafter that more companies are following the practice of vertically disintegrated network of machine production.

Financial institutions like Shinkin played a key role in the promotion of SMEs in Japan. Indian SMEs were also given access to the provision of institutional credit but the objectives were different as compared to those in Japan (Ch. 4 and Ch. 6).

The Japanese government created a very effective mechanism for the promotion of SMEs comprising of bodies like the Small Business Finance Corporation, Small Enterprise Management Improvement Scheme, Small and Medium Enterprise Promotion Law etc. to modernize and upgrade the SMEs (Ch. 6). The policies helped to a large extent in the modernization and technology upgradation. In India, government's pursuit was of protecting the labour intensiveness of the SMEs. Its policies, therefore, impeded their modernization and upgradation (Ch. 4). Gol-dar's (Ch. 10) survey also confirmed that about two thirds of the SSIs did not undertake upgradation of technology during the last ten years. Similarly, Kiyokawa's analysis (Ch. 9) of the Pottery industry brought out its traditional nature of production with cold fired klins for glost firing, somewhat reminiscent of the pre war days of Japan. While, an apparatus of Small Industries Development Organization and District Industries Centres was created in almost every district of the country in India, their implementation mechanism had serious deficiencies.

The Japanese system encouraged

competition while the Indian SMEs were intentionally protected to ward off any competition. As a result, the Japanese SMEs remained very competitive and vibrant. The Indian SMEs, as Bhavani's (Ch. 7) analysis highlights, have lower quality of product and inefficient workforce. These are the very factors which severely effect their long term sustainability of the enterprise.

The book importantly highlights that in India companies like Maruti Suzuki have provided a role to its sub-contracting companies somewhat similar to that of the Japanese SMEs. The company has admirably bridged the social chasm by providing OJT, job rotation, equal opportunity for job promotion, existence of a vibrating suggestion scheme etc.. The company has actively trained the management of its ancillaries and subcontracting companies not only to provide the top most quality with the help of latest technology but implement a policy framework which fosters a spirit of working together, development of employees and bridge the social chasm between employees at all levels. Another survey of 14 companies conducted in 1996 has also elicited responses on Japanese style of management and it was found that 85% of the companies had adopted Japanese management practices and 93% of them believed in their overall effectiveness (Ch. 1).

In India, provision of employment has been one of the major objectives of the policy framework of SMEs. In pursuit of this, the SMEs were categorized on the basis of the capital investment rather than the number of persons employed. This sector none-the-less played a significant role in employment generation contributing as much as 45% to the total employment in 1987-88 (Ch. 2). In Japan, the Medium and Small business Act defined SMEs according to the size of the workforce or the amount of equity capital (Ch. 3). SME sector has grown considerable

over the years but its weight in total employment has remained at about 50% since the 1960s. It fluctuated with the macro economic cycle such that it rose following the slowdown in 1965 and the turbulent periods of the 1970s and 1995 (Ch. 8). Japan's manufacturing sector is dominated by large firms. Despite this, SMEs accounted for 51% of total manufacturing shipments in 1996 and even higher in wholesale and retail trade sectors (Ch. 3).

Kiyokawa's (Ch. 9) investigates the role of religion and gender on commitment at work, technology upgradation etc. He has chosen to conduct his study in the informal sector and ended up having almost 50% of the establishments in the small scale industry. The study significantly finds that "while strong religions or cultures do not themselves act as serious obstacles to labour management, neither do they guarantee a high degree of commitment or motivation to work. Occupation structure more strongly dominates job consciousness, which suggests the importance of labour management"..

The book significantly brings out that the negotiation process for Japanese investment and the transfer of technology took almost 15 months for 90% of the cases. Not only that the chances of the technology becoming obsolete by that time are very high but it worked as a strong deterrent for setting up Japanese units. According to the data available in 1993, there were only 43 companies with Japanese collaboration in India.

The notable successes of the transfer of technology and management practices have been exemplified by Maruti Suzuki.

Reviewing an edited book is always a difficult task as one often finds heterogeneity of inputs. The book though has remarkable complimentary inputs and ends up providing a refreshing holistic perspective of the SMEs in

India and Japan. Odaka's (Ch.1) analysis provides an excellent backdrop on the subject. It succeeds in presenting to the reader a reasonable clarity on SMEs in India and Japan as well as the state of Japanese style practices in Indian companies. Verma's (Ch.2) and Ishigani's (Ch.3) analysis provide a fair depiction of SMEs and the contours of the policy framework of SMEs in India and Japan. Inoue's (Ch.3) as well as Teranishi and Nagase (Ch.6) succeed in providing complete portrayal of SMEs in Japan. Goldar's analysis provides a well considered account of the status of modernization of SMEs in India. Bhavani's (Ch.7) analysis significantly draws attention to the reality that keeping employment as the prime objective of SMEs in India has severe consequences. Kiyokawa's (Ch.9) input is very refreshing as he explores an unexplored territory of the role of religion and gender and their consequences for work. The cobwebs of Indian bureaucratic regulatory mechanism have been succinctly put across by Sidharthan (Ch.11) alongwith a number of aspects of technology transfer. The last chapter, besides the principle findings of each of the chapters, attempts to put in perspective various issues which would facili-

tate in developing a more collaborative approach of the SMEs in India and Japan.

The overall impression the reviewer gets is that the analysis of Japanese SMEs in various chapters is more definitive. One of the important factors contributing to this is the availability of data which is somewhat outdated and scattered in the Indian case.

A word on the survey method of research used in Goldar's paper as well as in some others. This method is favored for logistic reasons, but is not sufficient for getting a fair picture of the subject as it eludes the qualitative information which is vital for seeking answers on the subject.

Lastly, in view of a large number of policy changes during the last decade, Indian SME sector has traversed a more productive path and it would be interesting to examine this change with its implications for developing further the collaborative approach with their Japanese counterparts.

The book none-the-less is refreshingly well researched and a comprehensive learning for students, academics and the policy makers on SMEs in India and Japan.

[J. S. Sodhi]