

Causes and Remedies for Sickness of Small Scale Units Producing Rubber Products in Kerala

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Introduction

There is general agreement that the problems of sickness in industrial units, like those of human illness, are diverse in their manifestation and hence call for different diagnosis and different treatments. Like human sickness again, there are sicknesses for industrial units, which are temporary in nature and which can leave the patient sometimes strong and sometimes dead. But there was a tendency in the past to pronounce bad management as the main source of industrial sickness and to look for magical cures in one single direction—that is good management. Time has proved that it is not fully correct and that the basic causes and roots of industrial sickness may be too complex. Therefore, it has to be concluded that the term industrial sickness, covering a vast variety of ailments, needs different remedies, stretching over different periods. In Kerala, today, there are over 550 units producing rubber products which includes only half a dozen large, few medium and the remaining small scale units. The annual consumption of NR in the State is estimated to be only 10% of the total production of this commodity in the State. Therefore, rapid rubber based industrialisation of Kerala, is the foremost need of the day. But it is disappointing to note that the industrial sickness is a very common thing among the rubber goods manufacturing units in the State, particularly among the small scale rubber goods manufacturing units and prevalence of

the same is the main cause restricting the development of rubber based industrialisation in the State. This has necessitated to sort out the causes for the sickness and make recommendations.

Present status in Kerala

At present there are about 550 small scale rubber goods manufacturing units in Kerala. A perusal of the State wise distribution of the small scale rubber industrial units, shows that Kerala shares with Maharashtra, West Bengal, Delhi, Punjab and Haryana, a very prominent position in the matter of small scale rubber based industrialisation. However, from the rubber consumption figures available, it appears that Kerala occupies only an insignificant position in the matter of rubber based industrialisation, even though the total number of units in the State is pretty high. It is rather difficult to reconcile this situation, with the fact that the State produces over 90% of the total NR produced in the country and have plentiful supply of water, comparatively cheap hydroelectric power and abundant skilled and unskilled workers, which are the essential requirements for the development of rubber based industries. However, it is a common knowledge that too much incidence of ailments to the small scale rubber units already established and premature mortality in the case of newly started rubber based units, are the reasons for the poor development of rubber based industrialisation in the State.

The basic causes of sickness

The basic problem leading to sickness in the case of most of the small scale rubber goods manufacturing units in the State is that these units have not been able to attain the optimum rate of growth. Therefore, identification of the causes for the sub-optimal growth of the small scale units, will throw light on the common causes for ailments/sickness of the small scale rubber goods manufacturing units. The main cause for the sub-optimal growth of the small scale rubber goods manufacturing units are likely to be the following.

- 1) Lack of modern industrial management and marketing knowhow of the entrepreneurs.
- 2) Marketing problems, leading to financial problems and under utilization of installed capacities.
- 3) Prevalence of non-conducive industrial climate and poor labour productivity.
- 4) Use of low cost and outdated equipments and machinery.
- 5) Lack of quality control facilities.
- 6) Inability to keep abreast of modern trends in product design, machinery and technological practice.
- 7) Non-availability of the right type and grade of NR at steady prices, around the year and consequent high cost of production.

It is well known that the socio-economic and historical factors had never been favourable in Kerala for the smooth development of entrepreneurship. Also, it is a fact that most of the people who started small scale rubber goods manufacturing units in the State had no exposure to industrial management and to modern concepts in marketing to begin with. In the absence of co-ordinated extension and training efforts, most of the rubber based industrialists in the State are still in the dark in respect of modern concepts in industrial management and marketing. As a result, they often fail to manage their factories efficiently and economically thereby making them sick.

Problems

Problems in marketing are the most important ones which cause sickness of small scale rubber products manufacturing units. It appears that a number of factories soon after their establishment used to get sick and even die out in some cases due to difficulties in marketing. Besides the failure in adopting modern marketing methods, the periodic changes in the supply-demand balance in respect of individual rubber products, is the most important factor contributing to marketing problems leading to sickness of the concerned industrial units. Local demand for most of the products have not been rising steadily due to various reasons, to ensure full utilization of the capacities already established, thereby keeping the cost of production under control. In some cases, part of the incremental demand is being satisfied through untimely imports which at times lead to force the small scale units to accumulate unwanted inventories sometimes even with a lower level of production. Also the demand for some of the rubber items has also been affected by imports from countries with low levels of indirect taxation. Another factor that has contributed to sickness due to marketing problems, is the seasonal decline in demand due to price hikes of the products necessi-

tated by steep increase in the price of the raw materials.

The industrial climate in Kerala has never been conducive to avoid sickness of industrial units in the State, even though the political parties in Kerala have greatly contributed in creating greater awareness among the people regarding their rights and duties. The proliferation of political parties and trade unions in the state were always resulting in frequent strikes and layouts in industrial units. This lack of industrial peace, has been found to cause sickness in the case of number of units.

Wages

The labour wages in Kerala have been rising progressively since independence mainly through the activities of trade unions. In fact, the minimum wages fixed in Kerala are comparatively higher than that prevailing in the neighbouring States. Through this trend is justifiable, the fact that labour productivity has not been improved, is an important factor contributing to high cost of production and consequently many of the small units are found losing cost advantage to outside manufacturers, thereby facing marketing problems and getting sick. Studies conducted in several small scale rubber goods manufacturing units have shown that they are using equipments and machinery which are outdated, considering their cheapness. No efforts are being made by such units to modernise their equipments and machinery and as a consequence they fail not only to achieve the optimum quality but also to ensure avoidance of wastage of materials and workman's time. Due to wastage leading to high cost of the products, coupled with the poor quality of the products, profitable marketing in such cases becomes difficult. In such cases sickness develop very easily.

As a general rule, the small scale rubber goods manufacturing units in the State are found not to bother much about the quality of the products they are manufacturing, probably be-

cause the urge for quality control, arising from competition was non-existent. Also in spite of the fact that the Indian Standards Institution has already formulated national standards for most of the rubber products, they have not bothered much about quality control and standardisation of the products. As such, most of the units have not established any facilities for quality control and have not developed any proper inhouse specification for ensuring the quality of their products. This lack of quality mindedness among the small scale rubber goods manufacturing units is yet another major cause for development of sickness of atleast some units.

Modern trends

The technology of rubber product manufacture is a rapidly changing one. Therefore, unless the entrepreneurs keep abreast of the modern trends in product design, machinery and technological practice, it will be difficult to become competitive. Once the products produced in a unit, find it difficult to compete in the market, profitable marketing will become difficult and under such circumstances chances for development of sickness will become more. Most of the rubber product manufacturing units in the State are using Natural Rubber as the main raw material. Due to seasonal variation in production, there will be much variations in the supply-demand of the different types and grades of NR. Usually the supply position of some of the premium grades of dry NR and latex concentrates are found to be erratic and price fluctuations of such grades are also found to be fantastic. Such situations of nonavailability of the light type and grades of NR at steady prices round the year and the consequent high cost of production leading to poor chances for profitable marketing, are also found to cause sickness of some units.

Remedies for the sickness

Having identified some of the major causes of sickness among

the small scale rubber goods manufacturing units in the state, it is imperative to suggest appropriate remedies which would cure the sickness. But in this context, it is important to mention that sometimes it will be better to allow sick units which are beyond redemption, to close instead of sinking large amounts, in reviving them. In place of such sick units, modern units can be substituted. In the case of other such units, the most important remedies that can be considered for curing the sickness in small scale rubber goods manufacturing units are the following:

- 1) Stimulation of growth
- 2) Improvement of management
- 3) Modernisation
- 4) Improvement of the industrial climate and labour productivity;
- Improvement of marketing and adoption of the concept of Quality Marketing; and
- 6) Making available all the different types and grades of NR and compounding ingredients at reasonable and steady prices.

For better growth

The merger of sick units into viable ones, as well as expansion and diversification, of some of the sick units, can result in the stimulation of growth and once it is possible to ensure the unhindered growth of the units concerned, the industries concerned will become healthy. Improvement of the management of the unit concerned can also act as a magical cure sometimes. In this connection, it is pertinent to remember that there was no good unit which bad management could take into liquidation and in reverse, there was no bad unit which good management could not transform into a healthy unit. In fact, there are striking cases where good management has brought about a virtual U-turn in the viability and profitability of small scale units. Therefore, the agencies responsible for development of rubber based industries in the state will have to make it a point to ensure that the right manage-

rial talents are made available to the sick units.

Modernisation

Modernisation can be well recognized as a cure for the sickness of some units where use of outdated equipments and machinery and technology are practised. Since modernisation can result in the production of quality goods and avoidance of wastage, the competitive position of the products in the market can be enhanced. Therefore, modernisation is a move in the right direction. But at times, implementation of modernisation programmes though can result in remarkable gains in certain areas, social environments will make it often quite difficult to obtain maximum gains from such programmes. When sick units are modernised, the entrepreneurs will hesitate to rationalise the labour so that the productivity per worker can be genuinely increased to pay for the increased burden of depreciation and interest charges that must be borne consequent to the installation of the latest capital equipments and facilities. If the unit being modernised fails to establish substantial expansion of its capacity required for mitigating the necessity of retrenching the excess work force, the full gains cannot be secured through modernisation. The importance of maintaining industrial peace in the State, for curing the sickness of some units cannot be underestimated. If the State Government can ensure industrial peace by taking appropriate policy decisions from time to time, it will be possible to avoid sickness in many cases. Also constant vigil on labour productivity is required with a view to ensuring optimum results. It will be worthwhile in this context to mention that production linked wage system may prove to be rewarding for achieving optimum labour productivity. Properly devised incentive schemes and other measures can help improve discipline in organisation. It would be necessary in this connection to reconsider some of the labour laws which at present mitigate against

higher productivity. These steps would go a long way in preventing sickness of units.

Poor Marketing

The most important cause for the sickness of small scale rubber products manufacturing units in the State is the poor marketing arrangements made and available. It appears that a number of factories soon after their establishment used to get sick due to difficulties in marketing. This clearly indicates the substantial ground to be covered in the improvement of marketing for curing sickness. Slow growth in domestic demand for some products has been a critical factor in some cases and in such cases it is important to institute steps which would bring greater consumer dynamism. These can include rationalisation of the excise duty structures and more concerted efforts for controlling the cost of production. Lower duties and cost of production will help narrow the present gap between domestic and international prices and thus improve exportability. The resultant increased production and sales will compensate the Government for any loss in revenue arising from reduced duties. Marketing products with specification can also prove to be useful in developing a growing demand, thereby avoiding marketing problems and consequent sickness. The role of exports of rubber products in improving marketing and ensuring better capacity utilization can not be under-estimated. In this context, the products which have export potential need to be identified and such potentials should be exploited. This would be feasible if proper encouragements are given. Provision of assistances for quality control and marketing by concerned agencies which should include market research, testing and certification, organised marketing and export, also will be helpful in avoiding marketing problems and consequent sickness of units. Also by making available all the different types and grades of NR and the important compounding ingredients, at reasonable and steady prices, the

problem of getting sick by many small scale units can be remedied.

Though the above referred remedies for curing sickness in the case of rubber goods manufacturing units may prove to be useful, it is important to state that prevention is better than cure. An attempt has therefore been made to list out ten commandments which if adhered to, can prevent sickness in small scale rubber goods manufacturing units. They are the following:

1. Recognize the need for continuous improvement of the units already established and make concerted efforts to innovate in all areas.
2. Make available the raw material requirements of small scale units at reasonable and steady prices through the minimum number of reputed suppliers who can provide after sales service.
3. Ensure quality of the products produced by resorting to preventive action.
4. Encourage all personnel connected with the operation and management of the unit to identify and resolve problems.
5. Identify sources of wastage and wasteful procedures and cure at source.
6. Ensure that the organisational and management systems followed support innovation and continuous improvement.
7. Provide supervision for problem identification and problem solution.
8. Make advance marketing arrangements and ensure regular cash flow.
9. Maintain good labour relations and ensure optimum labour productivity through motivation.
10. Maintain a vigorous and innovative training programme covering all areas of product development, manufacturing and market development. Institute training on the job for all employees.

Conclusion

Sickness of a good percentage of small scale rubber based industrial units, is one of the main reasons for the poor development of rubber based industrialisation in Kerala. The main causes of sickness among the small scale rubber goods manufacturing units in the State and the remedies suggested need careful consideration by all concerned. Steps to ensure that the rubber based industrial units in the State adhere to the ten commandments given, need be taken by the concerned agencies to prevent sickness among small scale rubber based industries in the State with a view to achieving rapid NR based industrialisation.

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ORGANIC COMPOUNDS FOR SOLAR HEAT STORAGE

Organic compounds that accumulate solar energy, which can be tapped later, have been developed at the Institute of Chemistry at a branch of the USSR Academy of Sciences. Products of petro-chemical synthesis form the basis of these substances. Under the influence of sunlight, chemical transformations take place in them resulting in a new

product which can store the accumulated heat. One of the scientists of the project said that one kilogram of the product can accumulate 300 kilocalories, sufficient to heat a few dozen litres of water to boiling point. The substances can be carried even in a suitcase. In order to release thermal energy, it is necessary to add a special catalyst.

If needed the substance-accumulator can be charged from solar rays practically any number of times. For charging, the new compounds are put into a solution poured into a transparent vessel, like one of quartz, and placed in the sun. A few hours later, the liquid can be used. The charged substance can be kept in the form of crystals.

THE WRITE-TYPER

"Personal Writer", the process developed by a French Company, allows the transformation of handwritten texts to typed ones on the screen of a personal computer without the help of a key board.

The system comprises a special tablet, holding a sheet of paper, an electronic pen for writing and handwriting-recognition software.

Personal Writer, which now works on Apple Macintosh, can memorise the style of handwriting with a relatively high degree of tolerance in drawing. This has never been achieved in a satisfactory manner before in PCS. The recognition of handwritten script from a binary coding tablet necessitated writing in capital letters as the cursive

letters used to be ill-assimilated by the pattern recognition softwares.

The software also contains a dictionary of 200,000 words for an automatic correction of spelling mistakes.

—Scientific and Technical News from France