

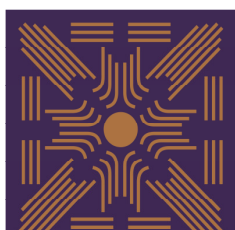


Final Report- Volume II

Study on Micro & Household Enterprises in NCR

October 2015

National Capital Region Planning Board



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Introduction

Micro, Small and Medium Enterprises (MSMEs) accounts for a major share of industrial production and exports within the country. With provisional estimates of a contribution of 8% to the GDP¹ in 2007-08 they play a key role in the development of the economy due to various inherent strengths. Acknowledging the importance of this sector the Government of India has initiated several effective steps towards the growth and development of this sector.

Overview of the MSME sector

The Micro, Small and Medium enterprises (MSME) sector contributes significantly to the manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 per cent of the total exports of the country. It is also said that the sector was estimated to employ about 66 million persons in over 29 million enterprises by 2008-09. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector.

One of the facts that the 4th Census of MSME has revealed is that of the 21.4 million MSMEs, only 1.56 million are in the registered segment while the remaining 19.87 million (92%) are in the unregistered segment. Also, there are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India. Some of the major sub-sectors in terms of manufacturing output are food products (11.7%), textiles and readymade garments (18.3%), basic metal (4.3%), repair of personal & household goods (14.6%), Sale & maintenance of motor vehicles & motorcycles (6.0%) and furniture (5.2%).

Table 1: All India Statistics for Micro, Small & Medium Enterprises 2006-07

Category	Unit	MSME Total	Unregistered Sector	Registered Sector
Number of MSMEs	lakh	214.37	198.73	15.64
Number of Rural Units	lakh	126.75	119.68	7.07
Number of Urban Units	lakh	87.62	79.05	8.57
Number of Women Enterprises	lakh	20.21	18.06	2.15
Type of Enterprises	lakh			
Micro	lakh	213.24	198.39	14.85
Small	lakh	1.11	0.35	0.76
Medium	lakh	0.03		0.03
Nature of Activity	lakh			
Number of Manufacturing MSMEs	lakh	114.99	104.5	10.49
Repair and Maintenance	lakh	13.07	12.31	0.76
Services	lakh	81.96	81.93	0.03
Employment	lakh	501.93	408.84	93.09

Source: 4th All India Census of Micro, Small and Medium Enterprises, 2006-07

Of the total working MSME enterprises, the proportion of Micro Enterprises is around 99.5% as compared to Small Enterprises (0.5%) and Medium Enterprises (0.01%). The MSME sector consists of both Manufacturing and Service sectors. Out of 21 million, about 54% are manufacturing enterprises and about 38% are service sector enterprises. Also, of the 214.37 lakh number of MSMEs, 126.75 lakh (59%) is in the rural area. In view of the MSME sector's role in the economic and social development of the country, the Government has emphasized on its growth and development. It has taken various measures/initiatives from time to time which have facilitated the sector's continuous growth. Some of the recent measures include enactment of the **Micro, Small and Medium Enterprises Development Act, 2006; amendments to the Khadi and Village Industries**

¹ Source: Annual Report MoMSME, 2009-2010

Commission Act; Promotion of Cluster Development for Micro and Small Enterprises (MSE-CDP) etc.

The Study Objective

To draw up a plan of action for the development of Micro & Household enterprises in the National Capital Region (NCR) to ensure balanced regional development as per the mandate of National Capital Region Planning Board (NCRPB).

Need for the study

The population of NCR is expected to reach 617.26 lakhs by 2021, about 26.7% of which may reside in rural settlements. While the larger urban centres in NCR, such as Delhi, Gurgaon, Faridabad, NOIDA etc. are emerging as hubs of industry and service sector, the smaller towns and villages do not have any means of in-situ employment generation. For these smaller centres, eco-friendly means of adequate economic opportunities and employment generation needs to be taken up. There should not only be an injection of additional activities in existing and new urban centres outside NCT-Delhi but also development of micro & household enterprises of different types, such as agro-based enterprises, handicraft and handloom etc. in rural areas in order to support urbanization on the one hand and to stabilize the rural economy on the other.

In addition to the high potential for employment, the micro and households industry sector is economically important from the point of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country. ***It is in this regard that the National Capital Region Planning Board, which has been constituted for the planned development of the NCR, has instituted this study and awarded to Mott MacDonald through a competitive bidding process.***

Study Area

The study had covered the NCR area covering 16 districts and the NCT of Delhi of the National Capital Region, as given below;

- National Capital Territory of Delhi (Walled City, North, South, East and West)
- Haryana sub region (Panipat, Sonapat, Rohtak, Jhajjar, Gurgaon, Faridabad, Rewari, Mewat, Palwal)
- Uttar Pradesh sub region (Baghpat, Meerut, Ghaziabad, ²Hapur, Bulandshahr, GautamBudh Nagar)

Scope of work

The scope of work as per our Contract is as follows:

- (i) Literature survey, identification of sources of data, collection of data and compilation of database (from secondary sources), primary survey of about 2500 enterprises (including handloom and handicraft units) for spatially distributed stratified multi-stage sampling in NCR should be conducted to gather information about unregistered units in this sector.
- (ii) Inventory of types / specialization of micro & household enterprises engaged in production of goods, for example, handicraft, handloom, agro-processing, agri-business etc. with regional / local specializations in NCR.
- (iii) Identification of important micro & household enterprise clusters in NCR, SWOT analysis, identifying their comparative advantage, identifying factors contributing to the competitiveness of industry clusters; building up partnerships for development opportunities in key industries and players; prioritizing the infrastructure investment needed to improve the business environment; and strategizing development of targeted sectors, thus generating employment opportunities.
- (iv) Location / area of concentrations within NCR (both urban and rural to be shown on map)
- (v) Estimation of number of enterprises of each type
- (vi) Number of workers employed
- (vii) Sources of inputs / raw materials

² The study was undertaken during 2010-11 when Hapur was a part of Ghaziabad district hence, the report has provided data for district Ghaziabad including Hapur

- (viii) Estimated turnover and growth trends
- (ix) Trends for future growth and development including potential for new types of micro & household enterprises
- (x) Issues and constraints in spatial spread and growth of micro & household enterprises in NCR.
- (xi) Infrastructure required for growth of this sector – aspects related to design improvement, skill upgradation and marketing of produce, export potential inter-linkage with tourism in NCR etc.
- (xii) Identification of projects that could be taken up with NCR assistance of this sector – such as development of specialized market, common facility centres, testing and quality control centres, training institutes, industrial parks, growth centres, incubators etc.
- (xiii) Preparation of plan of action and areas for state intervention to provide special incentives / support estimation of number of jobs to be created through the Action Plan and contribution towards GDP district wise.
- (xiv) Conducting a workshop (about 100 participants) with the participating States and concerned stakeholders before finalizing the report.

Methodology

The scope of work has been undertaken in the following step by step process;

Task 0: Sector/Sub Sector Research: The study was initiated with a background understanding of the sector from relevant sources and covered the following aspects;

- Definitions of Micro & Household Industries and other relevant terms
- Sources of Data for Micro & Household Enterprises in NCR
- Key stakeholder perceptions on sources of data – NCRPB, Ministry of MSME and other agencies involved in research and implementation work for MSMEs.
- Review of broad industry statistics from the Quick Results of the 4th Census of MSME (based on 2006-07 data), State Reports of the 3rd Census of MSME and final Results of the 4th Census of MSME (based on 2006-07 data).
- Other Literature Review like survey reports of Ministry of Statistics and Programme Implementation, District Statistical Handbooks etc.

Bibliography of all referred documents for the study has been enclosed at *Appendix B*.

During discussions with the key stakeholders (refer presentation meeting held on 9th July, 2010) and as per revised Inception Report submitted on 28th July, 2010, it has been agreed upon that the primary survey would only be undertaken of micro manufacturing units (with fixed premises) that have not obtained EM II registration as per MSMED Act.

Task 1: Secondary Data Research & Analysis:

This task involved obtaining quantitative information of ALL registered micro enterprises and formulating a comprehensive district wise cluster list;

Data Collection Formats

To collect information of ALL registered micro enterprises at district level and formulation of a comprehensive cluster list at district level we prepared two formats Proforma I (pertaining to registered micro/ household enterprises) and Proforma II (pertaining to clusters). (*Please refer to Appendix C*).

Through the formats we have tried to bring out the following information;

- District Wise (Proforma I) – Summarised Statistics of the number of units, investment and employment of micro industries existing until 2006 and/or 2010.
- District Wise (Proforma I) – Summarised Statistics of number of Enterprises, Employment and Investment against each activity type, as per NIC 2004, existing until 2006 and/or 2010
- District Wise (Proforma II) – District wise listing of clusters along with number of enterprises (under the micro-classification) under each cluster and against each activity type as per NIC 2004

The Consultants visited/probed the following Government / Institutional sources with the help of the Proformas. *The complete list of contacts at various levels has been attached as Appendix D.*

Source of Data - I

The district wise data on registered enterprises along with information on clusters collected during the 4th MSME Census is the most critical information required. The importance of this information was also appreciated by the NCRPB during presentation meeting held on 9th July, 2010. **It is in this regard that a request was made to NCRPB to initiate talks with the Development Commissioner, MSME for facilitating the data collection. Due to various reasons such data was not finally made available and the study progressed with an alternate methodology.**

Source of Data - II

In absence of above (Source of Data I), the various District Industries Centre (DICs) and Khadi and Village Industries Board (KVIB) of each district were contacted and data from a majority of them have been collected (with certain exceptions). While data from DICs were probed for questions in Proforma I and Proforma II, the data from KVIBs were only requested for Proforma I.

Subsequently, we have not analysed the KVIB data separately, to avoid duplication with data provided by DICs. **NCRPB facilitated the data collection process, on request from Mott MacDonald, from all the districts through introductory letters specifying the objective of the study.**

Source of Data III

In addition to DICs/ KVIBs, various Central and Regional level departments have also been contacted for information on Proforma II (Data for Proforma I was not requested for as these would result in overlapping of data with data provided by DICs). The departments (at regional level) that have been visited for this purpose are as listed below:

- Development Commissioner (Handlooms)
- National Jute Board
- Textile Commissioner
- Coir Board
- Central Silk Board
- Development Commissioner (Handicrafts)
- NI-MSME
- MSME Foundation
- UNIDO

In terms of secondary data, apart from the information acquired from the various departments the quick results of the 4th Census of MSMEs and the 3rd Census of MSMEs apart from department/institution websites (those institutions which have been involved in the research and development of clusters-list given in section 2.3) and district websites have been referred. Cluster lists extracted from all above sources (found with maximum possible efforts) have been put together to form the final compendium of clusters. The study and the findings were undertaken in the year 2010-11 but since the finalisation of the study was done by NCRPB in 2015, the MSME profile data has been updated with the 4th MSME census data (as it was published only recently).

Time Period of Data

Under Proforma I, data was requested for existing units' until 2006-07 and until 2010. While some districts have provided information in the requested manner, others have provided annual registration details from 2004 to 2010. We have therefore used the data for analysis with suitable assumptions.

Unit of Analysis

The unit of analysis has been districts (for Delhi it is the Walled City, North, South, East and West Delhi).

Sampling Strategy

The following sampling strategy (multi stage) has been undertaken for selection of clusters and proposed for selection of units.

- **1st Stage Sampling:-**The first step has been to draw a sample of clusters (proportionate & representative) from each District-proportionate in terms of number, representativeness in terms of activities and urban/rural location. The detailed method of arriving at the cluster list has been given in Chapter 4.
- **2nd Stage Sampling:-**Within each selected cluster a door to door random survey was undertaken beginning with confirming whether the enterprise is manufacturing, micro and unregistered in nature. This process went on until we had covered about 20-80 enterprises depending on the total availability of enterprises within the cluster.

Mapping of Clusters

The compendium of clusters was eventually mapped onto a National Capital Region Map, for an understanding of the spatial distribution of the clusters. The mapping is only indicative of the location and does not define the cluster boundaries. The clusters for which locations were not available mapping have been done at the district headquarters. The mapping of clusters has been presented in *Appendix G*.

Data Analysis

The survey questionnaires were scanned using our in-house software Cardiff Teleform and specific data tables on SPSS were generated cluster wise. Based on the analysis drawn from primary survey as well as stakeholder consultations the following analysis was undertaken;

- **Inventory:** Based on primary and secondary survey and the approximate no. of micro enterprises within each district, the employment and turnover have been projected.
- **Cluster Issues/Constraints:** A cluster wise report of feedback received from enterprises on various issues such as manpower, technology, design & development, marketing etc. has been documented.
- **SWOT Analysis of Clusters:** From stakeholder analysis and primary survey we have analysed the Strengths, Weaknesses, Opportunities and Threats of each cluster. We have also attempted to highlight the potential clusters based on this analysis.
- **Cluster Action Plan:** On the basis of issues, Cluster Wise Action Plan for State Interventions has been prepared.
- **Identification of Infrastructure Projects:** On the basis of issues/constraints at Cluster level, certain infrastructure projects that can be taken up with NCRPB assistance has been provided.
- **Constraints in Spatial Spread:** The Consultants have identified the constraints in spatial spread of the clusters on the basis of comparative advantages and disadvantages of the clusters within sectors.
- **Recommendations:** Final recommendations have been made based on various analyses. While the summary of findings of the complete study as well as recommendations are being presented in Volume I the detailed cluster reports along with respective cluster action plans are presented in Volume II.
- **Economic Benefits:** Based on actions taken and the probable impact on income and employment, the economic benefits have been estimated.

1. Cluster Reports- NIC Code 17

1.1 Handloom Cluster, Baghpat

1.1.1 Cluster Fact Sheet

In the past, Khekada town of Baghpat district had a number of handloom industries. During the course of time, the industry declined in competition with the development of Panipat's handloom industry. In order to revive the handloom sector in Khekada, the Ministry of Textiles initiated a Cluster Development Programme under the Integrated Handloom Development Scheme. Hathkarga Bunkar Cluster Vikas Samiti has been formulated under this scheme. The Samiti have constituted 19 Self Help Groups from more than 300 handloom artisans.

These artisans are primarily concentrated near the main market area; on the Jain College Road and on the Pathshala Road of Khekada town.

This industry has **been declared as a cluster under the Ministry of Textiles.**


Table 1.1: Handloom Cluster- Fact sheet		
Cluster Type	Natural	
Geographical Spread	Khekada town, District Baghpat	
Rural/Urban	Urban	
Approx. No. of enterprises	>300	
Approx % of micro manufacturing enterprises	95%	
Nature of Manufacturing Activity	Mfg. of Textiles	

Table 1.2: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-2	12.8
2-3	44.2
3-4	16.3
4-5	10.5
5-6	11.6
6-7	2.3
Not answered	2.3
Total	100.0

1.1.2 Annual Turnover

The primary survey has revealed that about 44% of the enterprises that have been surveyed have an annual turnover between ₹ 2 and 3 Lakhs. As per our analysis, the average annual turnover per enterprise is around ₹3.5 Lakhs. From this we can safely conclude that the average annual turnover of the cluster would be more than ₹ 10 crores.

1.1.3 Location Preference

Table 1.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	4.7
Availability of physical infrastructure	2.4
Connectivity	23.5
Availability of industrial infrastructure	0
Availability of ancillary enterprises	1.2
Availability of raw material	30.6
Proximity to market	23.5
Availability of skilled labour	31.8
Local tax incentives	1.2
Local wage levels	44.7
Close to residence	71.8
Cluster benefits	68.2
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

From the primary survey, it is revealed that more than 70% of the units have admitted to have preferred this location to set up their enterprise as it is in close proximity to their residence. The next prime reason was the cluster benefits that they have received. Under IHCDs these artisan groups receive a number of benefits which is the reason why they preferred to revive their looms in Khekada town.

■ Since the cluster development initiatives that have started, the units are moderately satisfied with the conditions of lighting, space, hygiene and safety in their cluster.

However, during the visit to Baghpat, the observation was that the enterprises had inappropriate work spaces and the hygiene conditions were not up to the mark. Solid waste was seen accumulated in heaps near the open drain that may cause choking of drains. Safety however, did not seem an issue in this cluster.

1.1.4 Manpower Availability

Table 1.4: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	90.7
6-10	4.7
11-15	0
>15	4.7
Total	100

Almost 90% of the enterprises had between 0 to 5 artisans working. These are generally family based enterprises where the entire household is involved in production process. As per more than 65% of the enterprises, skilled employees are easily available in the market. The reason for this may be the presence of a number of artisans in Baghpat who closed their units but are still present in Khekada.

Table 1.5: Problems faced in availing credit *	
Problem	Respondents (%)
High attrition	2.3
Lack of training programmes	0
Shortage of funds	60.5
Unaware of training institutes	1.2
Non availability of required courses for skill upgradation	1.2
Non availability of training institutes	0
Other problems	0
No problems	37.2
* This was a multiple answer question, the total may add up to more than 100%	

- **Problems:** While almost 40% of the enterprises faced no problems in upgradation of skills or finding skilled labour, about 60% of them face financial troubles in skill upgradation. They do not enough funds and are unable to avail credit for this purpose.

1.1.5 Raw Material Availability

More than 50% of the artisans get their raw material from within Khekada town itself. The raw material required is raw cotton, which they buy from suppliers within Khekada town who procure it from other markets.

- **Source:** 50% of the artisans procure the material from bulk suppliers where agents supply material to about 48% of the enterprises.
- **Costs:** 95% of the enterprises complain about the high cost of the raw material. The artisans have to procure raw material from bulk suppliers and agents who charge them high costs. Cotton has also become expensive these days which has already led to increased costs to be borne by the artisans.
- **Support:** Almost 85% of the artisans/ enterprises trust the government organisations in providing support to procure raw material at cheaper costs.

1.1.6 Finance/ Credit Availability

Table 1.6: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	10.5
Lengthy process	62.8
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	19.8
Strict Eligibility Condition	1.2
Other problems (Commission)	34.9
No problems	1.2
* This was a multiple answer question, the total may add up to more than 100%	

97% of the artisans had not availed any credit facilities. The 2 artisans who had admitted to having taken loans had done so from banks. Very few had availed working capital loans. The rest were either unaware of its availability or did not require to avail them.

Problems: More than 60% of the artisans were wary of taking loans due to the lengthy procedures and formalities that have to be carried out in banks. Other than that about 20% are troubled by the delayed sanctioning of loans, about 10% of the enterprises stated that higher rates of interest an issue faced by these artisans and about 35% of the enterprises stated that they faced a problem of having to hire an agent in order to procure finances from banks. This also

caused them higher interest rates indirectly.

On further probing into this matter, the lead bank of Baghpat (Syndicate Bank) also informed us that they too were wary of providing loans to the artisans and the micro industrial entrepreneurs. They had to do a thorough check of these artisans who apply for loans in order to be sure of the right usage of the money being sanctioned.

The banks also revealed that a number of artisans applied for loans under the various government schemes, however; did not repay the borrowed amount assuming that the money lent by the government need not be returned. This posed a problem for the bank officials as they are answerable to their seniors.

1.1.7 Technology Upgradation

- **Need:** Almost 90% of the enterprises felt the need for upgrading technology. Almost 70% of these felt this need in order to reduce the waste being produced by their enterprise, while about 40% felt this requirement due to the competition faced by them from their counterparts in Panipat and other similar towns. About 20% also accredited this need to the larger orders being faced with them.

Table 1.7: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	89.5
Enterprises who did not feel the need for upgradation	10.5
Total	100

problems in technology upgradation, about 65% have complained of shortage of funds to upgrade the technology.

- **Support:** Almost 75% of the enterprises trust the Government Organisations in upgrading technology. This could be an influence of the cluster development initiative taken up by the Textile Ministry.

The Hatkarga Bunkar Cluster Vikas Samiti has informed us that the absence of continuous power supply in Khekada has been an obstacle in upgrading to better technology which uses electricity supply. The Hatkarga Bunkar Cluster Vikas Samiti has however been trying to

Table 1.9: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	39.5
Reduction in waste	68.4
Cost ineffectiveness	7.9
Quality Improvement	1.3
Large Orders	21.2
Pollution Control	1.3
Availability of Better Technology	0
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

demand. About 40% also change their designs as per the competition. But 93% of the enterprises face a problem of fund shortage for not being able to adopt better design conditions. Over and above about 25% also have not been able to adopt better designs due to their lack of design knowledge and about 15% face the challenge of labour resistance.

- **Problems in upgradation:** While almost 35% of the enterprises did not face any

Table 1.8: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	66.3
Problems of R&M	1.2
Absence of Technical Know-how	1.2
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
No problem	33.7

make these artisans aware of the available technological innovations.

1.1.8 Design and Development

- More than 75% of the enterprises change the designs in less than 2 months. These designs are provided to almost 70% the artisans by the purchaser. The remaining 30% take efforts by themselves to change the designs

- **Need & Problems faced:** The prime reason for design betterment is due to the market

Table 1.10: Upgradation of design

Frequency of changing design	% of enterprises
0-2 months	75.6
2-4 months	3.5
4-6 months	2.3
> 6 months	17.4
Total	100

- The Hathkargha Bunkar Cluster Vikas

Table 1.12: Need for upgrading design *

Reason	% of enterprises
Competitors	37.2
Changing Trends	8.1
Market demand	95.3
Low sales	4.7
Not required	0
* This was a multiple answer question, the total may add up to more than 100%	

have stated that they have their own private water connection. They have made arrangements for their private tube wells as the handloom industry requires large quantities of water supply. More than 90% of the enterprises are satisfied with the supply conditions.

On discussion with various stakeholders it was concluded that water supply is sufficient in Baghpat and this proves as a strong point for the growth handloom industry here. Though Panipat is prospering today in this sector, this cluster has as much or more potential as Panipat has a major water shortage problem.

- **Power Supply:** Where all the 86 enterprises have agreed to power being supplied in their enterprises, the power supply authority admit that there is a problem in the supply. There is a major shortage of power supply in this area. About 70% of the enterprises expressed dissatisfaction with the power supplied. Also, though Khekada is a town as per the norms, the power being supplied to it is that of a rural area, which means it does not receive more than 8 hours of supply per day. This is the major reason for the units to not upgrade their technology.
- **Effluent Treatment:** There is no effluent treatment plant present for this cluster. A number of enterprises feel there is a need for this as their activity gives out hazardous chemical effluents during the process of dyeing and finishing.
- **Connectivity:** This cluster is very well connected to the other important urban centres of NCR. It is hardly 40 kms from Delhi and less than 70 kms from Ghaziabad, NOIDA etc. However almost 75% of the enterprises agree that the conditions of the roads are extremely poor. This was also verified during our visit to Khekada cluster. The internal roads also prove to be in a bad shape. They had open drains running along the streets, with water logging during the rainy season. Also about 40% of the enterprises have expressed dissatisfaction with public transport system or the absence of periodic public transportation.

Table 1.11: Problems faced in upgrading design *

Reason	% of enterprises
Shortage of funds	93
Absence of design know-how	23.3
Resistance from labour	14
No problems	4.7
* This was a multiple answer question, the total may add up to more than 100%	

Samiti however informs us that they have taken initiatives to help the artisans better their designs under the IHCDs programme.

1.1.9 Common Facilities

- **Water Supply:** Where all the 86 surveyed enterprises have agreed to the presence of water supply for their industrial use, around 40% have said that they receive supply from the concerned authority. The remaining 60%

Table 1.13: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	13.1
Wholesale Trader	90.2
Exporter	1.6
Industries	6.6
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

within NCR. The main market for almost for about 40% being within Khekada itself and for around 30% being Delhi. A number of 'bunkars' have admitted to selling their products at stalls in Delhi Haat.

About 99% of the enterprises sell their products to the wholesale traders who further sell their products in the market to retailers.

- **Mode of marketing:** Where about 98% have given credit for their sale to marketing through word of mouth, a few also market their products at exhibitions and melas nationally and internationally.
- **Problems:** About 80% have admitted their major problem faced in marketing to be the shortage of funds; about 25% of the enterprises also blame the absence of marketing

Table 1.14: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	100
Exhibitions/ Melas	1.6
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

NABARD in Khekada where a cluster of weavers have been identified and being federated into companies. More than 300 families have been identified and formed into 19 groups for this purpose. Under the same scheme the Hathkargha Bunkar Cluster Vikas Samiti was formed as an SPV.

The weavers and artisans have recognised the Hathkargha Bunkar Cluster Vikas Samiti as their association/ supporting body. This SPV registers complains of the artisans, helps them in solving these problems. Apart from this about 90% of the enterprises have also informed us about their support in terms of marketing of products and business improvement.

The SPV informs us that they help the enterprises/ artisans with better designs and improving the quality of their work in order to strengthen their potential and capture the export market. They also help them sell their products at permanent display centres like Delhi Haat and support them promote their cluster at a number of exhibitions and melas.

1.1.10 Marketing

- **Market:** There is a huge market for handloom products in India and internationally. However from the primary survey and from primary stakeholder discussions, it has been revealed that the Khekada Handloom Cluster has not yet been able to capture the international market fully.

- Majority of the units sell their products

Table 1.15: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	63.9
Absence of Marketing know-how	0
No problems	36.1

knowledge.

1.1.11 Support Organisations

Under the IHCDs, a project has been initiated by ASEED in partnership with

1.1.12 Evaluation of Govt. Schemes


Though this cluster has been taken up for intervention under the Integrated Handloom Cluster Development Scheme, none of the enterprises seemed aware of this though they did show awareness regarding the SPV. Very few were aware of the MSE-CDP, PMEGP and NMCP Scheme for Promotion of Information and Communication Technology

1.1.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Availability of water supply. – The cluster development taking place under the Integrated Handloom Cluster Development Scheme. – A few enterprises exhibit their products at Delhi Haat and other exhibitions. 	Opportunities <ul style="list-style-type: none"> – Market demand - both nationally and internationally. – Marketing support is being provided to the cluster by the Hathkargha Bunkar Cluster Vikas Samiti.
Weaknesses <ul style="list-style-type: none"> – Poor roads and power supply conditions. – Have not yet been able to capture the international market fully. – Absence of effluent treatment plant – leads to pollution. 	Threats <ul style="list-style-type: none"> – They are facing major competition from the Handloom cluster at Panipat. – Absence of power supply has proved to be an obstacle in upgradation of technology. – Banks wary of providing loans to the artisans without collateral security.

1.2 Textile Cluster, Panipat:-

Panipat is one of the major textile hubs in Northern India located at a distance of about 100 kms from Delhi on NH-1. The activity is primarily concentrated in Panipat urban area. Units of handloom and textile are spread to different locations of the Panipat city. The main manufactured goods are Carpet, Bed Sheets, Pillow Covers, Floor mattress. Availability of skilled manpower, good connectivity and availability of raw material are the main factor for development of textile industry in Panipat.

Table 1.16: Textile Cluster - Fact sheet		
Cluster Type	Natural Cluster	
Geographical Spread	Jatav Road, Kachcha fatak	
Rural/Urban	Urban	
Approx. No. of enterprises	700	
Approx % of micro manufacturing enterprises	70	
Nature of Manufacturing Activity	Mfg of Carpets, Bed Sheets, Pillow Covers, Mattresses	
Authority- Sponsoring/ Implementing etc.	DIC	

1.2.1 Annual Turnover

Table 1.17: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	49.3
5-10	46.3
>10	4.5
Total	100

Out of the 67 micro enterprises surveyed, majority of the enterprises (49%) having an annual turnover up to ₹ 5 Lakhs and 46% of the units have a turnover of between ₹ 5 to 10 Lakhs.

1.2.2 Location Preference

86% of the units preferred here for establishing units due to the availability of skilled labour. 67% of the units found benefit of availability of the raw material while 58% told for good connectivity is the main reason for establishing the manufacturing units here.

- There is no problem of lighting in Panipat. 73% of the units are satisfied with the lighting condition while 18% units are not happy with it.
- 85% of the units did not have problem of space. The new units are now coming up in outskirts of the city.
- Hygiene is one of the issues in Panipat. 43% of the units are happy with the present hygiene condition, 33% units told for average and 24% units told for bad hygienic conditions.
- 63% of the units are satisfied with the safety condition of the area, 39% units are highly satisfied. 18% units told for bad safety condition.

1.2.3 Manpower Availability

- **Employee size:** Majority of the units (40%) have employment size between 6 to 10.

Table 1.18: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
1-5	22.4
6-10	40.3
11-15	17.9
>15	19.4
Total	100

- Availability of skilled man power is a big issue in this cluster. 78% of the units are facing short of skilled man power. Only 16% of the units told for unavailability for the same.
- 43% of the units are facing shortage of funds in availability of skilled employees/skill upgradation of employees while 37% have no problem.

1.2.4 Raw Material Availability

Cotton, Thread and Yarn are the main raw material of the industry.

- **Proximity:** Panipat and Delhi is the major centre for procuring raw material. With the growth of manufacturing industry also support system of these activities have come up. More than two third of the units are procuring there raw material from Panipat only.
- **Procurement:** The main mode for procurement of raw material is through agents (55%). 39% of the units are getting through bulk supplier while 6% procure directly.
- **Costs:** 78% of the units facing high cost of raw material while 38% told for the high cost of transportation is a major problem in raw material procurement.
- **Support:** 78% of the units have trust on government organisations and 7% told for the private institute to help them in raw material procurement while 13% units are not aware about the responsible organisation for helping them.

1.2.5 Finance/ Credit Availability

Very less units, only 7.5 % have availed the term loan facility.

Table 1.19: Credit facilities	
	% of units
Availed Credit Facilities	7.5
Not availed Credit Facilities	92.5
Total	100.0

private money lender for credit.

- **Source:** Out of 5 units 40% units have taken credit from government authority directly under a scheme while same number (40%) has taken from government authority through bank under a scheme is the main source. 20% of the units have approached a

Table 1.20: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	47.8
Lengthy process	4.5
Untimely disbursement of funds	1.5
Unsuitable repayment schedules	9
Delay in sanction	3
Strict Eligibility Condition	50.7
Other problems	0
No problems	13.4

- **Problems:** 51% of the units told that strict eligibility condition, 48% units face high interest rate and 9% told for unsuitable repayment schedule is the main problem for availing credit.
- **Working Capital Loans:** 70% of the units have not availed the working capital loan. 28% told that they did not require it.

1.2.6 Technology Upgradation

To facilitate the Panipat textile industry Central Government and State Government are very keen to help them in upgradation with modern technology. Government has instituted some organisation for making awareness and give more information about the new technology.

Need: During study it has been found that there is tough competition in textile industry. 69% of the units felt that competition made them for the upgradation of machines while 15% told that upgradation will help them to fulfil the demand of large order.

Table 1.21: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	22.4
Units who did not feel the need for upgradation	74.6
Recently Upgraded	3
Total	100.0%

- **Problems in upgradation:** 63% units are facing short of funds as a major problem for upgradation of their machines.
- **Support:** 79% have trust to government organisation for upgrading the technology while 13% have no knowledge about the responsible organisation for the same.

Table 1.22: Need for upgradation	
Reason for need	% of units
Competitors	69.2
Reduction in waste	0
Market Demand	0
Quality Improvement	7.7
Large Orders	15.4
Pollution Control	7.7
Availability of Better Technology	15.4
Other Reasons	0

Table 1.23: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	62.7
Problems of R&M	1.5
Absence of Technical Know-how	1.5
Unavailability of domestic market	14.9
Unskilled labour	23.9
Resistance from labour	0
Other Reasons	0

1.2.7 Design and Development

Table 1.24: Up gradation of design	
Frequency of changing design	% of units
0-3 months	86.6
3-6 months	7.5
>6 months	6
Not Answered	0
Total	100.00%

designs.

Almost 87% of the units used to change their design within 3 months.

- **Need:** 87% of the units need to change their design due to market demand.
- **Problem:** 79% of the units are facing shortage of funds for upgrading their design while 10% of the units said that there is resistance from labours who are not very familiar with the changing

1.2.8 Common Facilities

- **Water Supply:** Availability of water is a major concern in Panipat. During study it has been found that 97% of the units are facing unavailability of water. There is a high demand of water in textile industries.

Table 1.26: Reasons for upgrading design	
Reason	% of units
Competitors	79.1
Changing Trends	64.2
Market demand	86.6
Low sales	1.5
Other reasons	0

properly.

Table 1.25: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	79.1
Absence of Design know-how	3
Resistance from labour	10.4
Other reasons	7.5
Total	100

The association has pointed out that they have raised this issue many times with the local Government as well as State Government. Despite this the production is increasing with increasing number of manufacturing units but water is grossly inadequate. Proposals to sort out water problem have been not addressed

- **Power Supply:** All the units have taken power connections. They are facing deficit & intermittent power supply. They have own power backup to fulfil their requirement.
- **Telecommunication:** Telecommunication is not a big issue.
- **Truck Parking:** Truck parking is a big problem in the area old city area. Trucks are parked on roads after loading and unloading. Units which is in outskirts of the city used to park their vehicle in vacant land.
- **Connectivity:** Panipat has very good connectivity of Rail and Road with other part of the country. National Highway No 2 is passing through the city. In old city area roads are not properly maintained while roads are in very bad condition in outskirts. Kuchcha roads are found in Kachcha Fatak area.
- **Other facilities:** For development of textile industry all supporting facilities are available in Panipat.

1.2.9 Marketing

Panipat is a brand in textile industry. It has domestic market as well as foreign market. It has wide market in North India particularly in Haryana, Punjab, Delhi and Rajasthan. Its products have market in North America and Europe. Increasingly Paipat Textile products are facing tough competition from China in international market.

Table 1.27: Major consumers		Table 1.28: Modes of marketing	
Major Consumer	Major means of marketing	% of units	Respondents (%)
Retail consumers	Word of mouth	97	0
Wholesale trader	Exhibitions/ Melas	1.5	59.7
Exporter	Association directory	0	40.3
Industries	Advertisements	0	0
Govt. Authorities	E-Commerce	0	0
Total	Other means of marketing	3	100

- **Consumers:** Majority of the units (60%) are sold to wholesale traders while rest of them (40%) are given to exporters.
- **Mode of marketing:** 97% of the total units depend upon the word of mouth for marketing their products.
- **Problems:** Funds for marketing is not a big issue for Panipat textile manufacturers. 80% of the units are facing other problems like marketing support from Government as major problems.

Table 1.29: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	15.2
Absence of Marketing know-how	4.5
Other reasons	80.3
Total	100%

1.2.10 Support Organisations

For the overall development of textile industry in Panipat both Central Government and State Government have instituted relevant organisations. The organisations are NITRA for providing training to the wavers, testing centres for Yarns and fabrics, Textile committee by the ministry of Textile and District Industry Centre. Apart from the govt. supporting organisation there is also a strong industrial association which facilities their members by providing a pressure group to raise their problems. Also export association plays major role in marketing of Panipat textile.

1.2.11 Evaluation of Govt. Schemes

Some units have taken benefit of Govt Programme but it has been found that there is an overall lack of awareness about the government programmes. Even many units have not shown any interest about the Government schemes. They feel that it takes too much time for furnishing the relevant documents.

1.2.12 SWOT Analysis


Strengths <ul style="list-style-type: none"> – Wide range of products – Availability of skilled manpower – Good location and good connectivity – All facility and support system available here – Availability of raw material in local market 	Opportunities <ul style="list-style-type: none"> – High demand of textile – Panipat is brand in textile – Still there are unexplored market
Weaknesses <ul style="list-style-type: none"> – Lack of infrastructure facility – Units are dispersed in city as a haphazard manner – There is lack of coordination among the supporting organisation 	Threats <ul style="list-style-type: none"> – Migration of skilled labour – Tough competition from China in international market

1.3 Zari/ Embroidery Cluster, Jahangirabad, District Bulandshahr

1.3.1 Cluster Fact Sheet:-

Jahangirabad town lies in block AnoopShahr in Bulandshahr district. Jahangirabad has a number of household industries that carry out *zari and embroidery work*. This is an ancillary industry to major handloom and readymade garments industries. A number of these enterprises also have shifted to Zakir Nagar Area in Delhi looking for a better life.

Though the DIC recognises this cluster- it has not yet been taken up for intervention. It is a natural cluster.

Table 1.30: Zari/ Embroidery Cluster- Fact sheet		
Cluster Type	Natural Cluster	
Geographical Spread	Mamran and Balmiki Basti, Jahangirabad, Distt. Bulandshahr, Uttar Pradesh	
Rural/Urban	Urban	
Approx. No. of enterprises	>100	
Approx % of micro manufacturing enterprises	100%	
Nature of Manufacturing Activity	Mfg. of Textiles, Mfg. of Zari and Embroidery	

1.3.2 Annual Turnover

Table 1.31: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-2	1.9
2-3	45.3
3-4	43.4
4-5	9.4
Total	100

Out of the 53 micro enterprises surveyed, above 40% of the units admitted to having an annual turnover between ` 2 Lakh and ` 3 Lakhs and ` 3 Lakh and ` 4 Lakhs each. Less than 10% of the units have a turnover above that.

From this information we can infer that, the average annual turnover of the cluster would be around ` 3 Crores.

1.3.3 Location Preference

More than 90% of the units preferred to establish their units at the present location due to the cluster benefits that they gain; while above 80% have done so due to its nearness to residence. Skilled labour was another reason identified by almost 62% of the units, whereas 45% chose this location due to raw material availability.

Table 1.32: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	0
Connectivity	0
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	45.3
Proximity to market	17
Availability of skilled labour	62.3
Local tax incentives	0
Local wage levels	0
Close to residence	81.1
Cluster benefits	92.5
Easy availability of credit	1.9
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Greater than 85% of the units have rated the situation of lighting in their units as 2 – i.e., very poor. The reason that the units have given for this is their dissatisfaction with the situation of power supply. Another observation made during the site study was that these units are located in the *bastis* in Jahangirabad inside very small residences. There is also a lack of natural light within the units. However the kind of work that requires to be done is extremely intricate – lighting thus needs to be good.
- Almost 50% of the units said they were moderately satisfied with the space within the units. The units that are running within the households face space constraints as there is not much space to store raw material, work and live in the same place.

- More than 70% of the units are moderately - highly satisfied with the hygiene in their units. They face fewer problems related to periodic cleaning and almost 34% of these have said that periodic cleaning of waste does take place.
- Almost 90% of the units were highly satisfied with the safety in their area – they do not face any security issues or issues of thieving etc.

1.3.4 Manpower Availability

Most of these units (95%) have 0-5 people involved in the manufacturing process. Complete families are involved in producing zari and embroidery. The women folk are involved in the process of '*kadhai and bunai*' as they call it and the men folk are involved in procuring raw material, marketing and getting business.

Table 1.33: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	94.3
6-10	0
11-15	0
>15	5.7
Total	100

The required skill for this business is taught to the children during their formative years itself. The girls assist their mothers in embroidery.

- **Problems:** More than 90% of the units face a problem of shortage of funds in upgrading the skills of their workers.
- **Support:** 88% of the units trust the concerned government organisations to make available to

them the best trained resources.

1.3.5 Raw Material Availability

The raw material required for this industry is mainly a variety of thread, beads, needles etc. More than 80% of the units procure their raw material from within district Bulandshahr itself - while almost 55% of them get it from Jahangirabad, about 37% get it from Sikandrabad.

- **Procurement:** Around 60% of the units buy the raw materials from bulk suppliers, while more than 20% do so directly. The bulk suppliers buy the material from the wholesale traders in cities like Delhi (Chandni Chowk), and sell it to these units as per their requirement.
- **Costs:** Almost 92% of the units have a complaint of high cost of the raw materials. As they are unable to procure it by themselves and buy it from bulk suppliers they face a problem of high costs. Apart from the cost being high they do not face any other major problems.
- **Support:** Almost 90% of the units trusted the government organisations over associations and private institutions in providing help for procurement of raw material.

1.3.6 Finance/ Credit Availability

Almost none of the manufacturing units had availed any credit/ loan facilities. The primary survey revealed only about 4% had taken loans for their business.

- **Source:** Out of the 4% who had taken loans they had done so from private money lenders. None of the units preferred to take loans from banks.
- **Problems:** When queried, about 52% of the units revealed that in taking loans from banks they had to take the help of an agent who made a lot of commission in between. Some (35%) also found the lengthy procedures for availing loan a major constraint. The units generally need short term and immediate loans. The banks according to almost 30% of the units caused delays in sanctioning the loans. This made them prefer borrowing from private money lenders.

- **Working Capital Loans:** Surprisingly, almost 60% of the units had availed working capital loans. In this too, about 30% answered that the major problem faced by them was giving commission to agents in between.

Table 1.34: Problems faced in availing credit*	
Problem	% of units facing problem
High interest rate	9.4
Lengthy process	35.8
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	28.3
Strict Eligibility Condition	1.9
Other problems	52.8
No problems	9.4
* This was a multiple answer question, the total may add up to more than 100%	

Table 1.35: Need for technology upgradation	
	Respondents (%)
Units who felt the need for technology upgradation	13.2
Units who did not feel the need for upgradation	86.8
Total	100

them with technology upgradation.

1.3.8 Design and Development

The kind of industry zari/ embroidery work is, designs change very frequently. More than 85% of the units changed the designs in less than 3 months. The units keep changing the design as per the orders from the client. The client provide them with samples as per which they produce items in bulk.

1.3.7 Technology Upgradation

Less than 15% felt the need for upgradation of technology. On further discussion it was found that the work done in this industry is mainly hand-work. Newer technology of screen/ computerised work has also come about in the market. However more than 90% of the units face a problem of shortage of funds in upgrading their technology to that level.

- **Need:** According to 40% of them, facing competition from other similar industries is the main reason to upgrade the technology, while almost 60% also preferred to upgrade their technology in case it could help them to reduce the waste generated.
- **Support:** Almost 86% said that they believed that the government could help

Table 1.36: Problems faced in upgradation*	
Problems faced in upgradation	Respondents (%)
Shortage of funds	94.3
Problems of R&M	0
Absence of Technical Know-how	0
Unavailability of domestic market	1.9
Unskilled labour	0
Resistance from labour	0
Other Reasons	3.8
* This was a multiple answer question, the total may add up to more than 100%	

- **Need:** The main need that was felt by them units was the changing market. Almost 90% of then units changed the design as per changing market demand. Less than 10% did so based on the competition they faced.

No support in terms of R&D centres, training centres, design banks, raw material banks OR seminars, workshops etc. have been provided to these units.

Table 1.38: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	42.9
Reduction in waste	57.1
Cost ineffectiveness	0
Quality Improvement	0
Large Orders	0
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 1.39: Reasons for upgrading design*	
Reason	Respondents (%)
Competitors	7.5
Changing Trends	15.1
Market demand	90.6
Low sales	0
Other reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

timings for this is not fixed. Though Jahangirabad is a town power being supplied is equivalent to that of a village.

- **Connectivity:** The units though do not admit to any connectivity related problems a visit to the site brought out some problems of narrow roads and unclean drains running along the roads.

- **Other facilities:** Production centre, warehouses, first aid centres or canteens are also not present in this area. Almost none of the units felt the requirement for these.

Table 1.37: Problems faced in upgradation*	
Problems faced in upgradation	Respondents (%)
Shortage of funds	94.3
Problems of R&M	0
Absence of Technical Know-how	0
Unavailability of domestic market	1.9
Unskilled labour	0
Resistance from labour	0
Other Reasons	3.8
* This was a multiple answer question, the total may add up to more than 100%	

1.3.9 Common Facilities

- **Water Supply:** 100% of the units have answered that water supply is available in their locality and is enough for them. Water is supplied intermittently twice a day as per regular standards. The level of satisfaction is equally distributed. Almost 70% of them rated it as highly satisfactory whereas the others said water supply is satisfactory. None of the respondents complained about the water supply.

- **Power Supply:** 100% of the units said that power supply from UPPCL is available to them. However more than 90% of the units were unhappy with the power supply conditions. The reason being that they do not receive more than 6 to 8 hours of supply per day- also the

Table 1.40: Problems faced in upgrading design*	
Problems	Respondents (%)
Shortage of funds	96.2
Absence of Design know-how	3.8
Resistance from labour	0
Other reasons	1.9
* This was a multiple answer question, the total may add up to more than 100%	

The DIC has recognised the presence of these industries as a natural cluster. However, no initiative has been taken up to develop these units or to provide them with any support. These artisans do get themselves registered as self-help groups (SHG) with the DIC in order to take gains of few government schemes but they are not getting promotion nor is any awareness provided to them.

1.3.10 Marketing

Table 1.41: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	52.8
Wholesale trader	81.1
Exporter	1.9
Industries	0
Govt. Authorities	0
Total	0

buyers are wholesale traders who in turn sell it to retailers all over North India. About 50% of the units also sell their products to retail traders.

- **Market:** For almost 80% of the units, the first point of sale for their product is within Jahangirabad itself. These units do job work tier 2 industries. These clients place orders and collect the products from them. Rest also send their products to Sikandrabad to traders for. The market for these products is all over India – where the traders further forward them.

- **Consumers:** While almost 80% of the

Table 1.42: Modes of marketing	
Major means of marketing	Respondents (%)
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0

Table 1.43: Problems faced in marketing	
Problems faced in marketing	Respondents (%)
Shortage of funds	86.8
Absence of Marketing know-how	0
Other reasons	13.2
Total	100

- **Mode of marketing:** All the units depend upon the word of mouth for marketing their product/ skill. More than 86% have said that they do not go in for any other mode of marketing as they face shortage of funds.

There is a huge market for such products, especially in North India. However, the units are unable to capture the market independently. They need to be made aware of the opportunities and the benefits of capturing the market independently.

1.3.11 Support Organisations

These industries are not supported by any association or exporter or any group/ body. Except for the DIC, no other authority is present for their support.

1.3.12 Evaluation of Govt. Schemes

None of the units were aware of any of the schemes that have been brought out by the government for their benefits. They have complains about no awareness being provided to them regarding these schemes – though they register as SHGs with the DIC for this purpose.

1.3.13 SWOT Analysis

Strengths <ul style="list-style-type: none">– Market demand for this product is very high.– Availability of skilled workers and involvement of the families in this business.	Opportunities <ul style="list-style-type: none">– Nearness to Delhi – the biggest market for finished goods in North Delhi.– A number of similar industries are present at Sikandrabad and Bulandshahr which can together work for their upgradation.
Weaknesses <ul style="list-style-type: none">– They are unable to capture the market independently mainly due to unawareness.– Have to take an agent's help for availing credit.– Poor power conditions.	Threats <ul style="list-style-type: none">– The units face extreme shortage of funds a result of which they are unable to upgrade technology, skills, designs etc.– Absence of any kind of support organisations.

1.4 Handloom Cluster, East Delhi


1.4.1 Cluster Fact Sheet:-

The Handloom cluster at Sunder Nagri/ Nand Nagri near Seelampur is accessible via the Mangal Pandey road and the Taharpur Road. A 'bunkar' colony has been set up in this pocket and has been taken up for intervention by the Department of Industries.

Department of Industries has set up a Weavers Colony at Nand Nagari in 1983 where 8 work sheds were constructed for the welfare of these. In these sheds primary handloom cooperative societies, a cooperative bank and an office was set up.

However, the association has informed us that off late this service centre has not been functional. The cluster has also come up for intervention under the Mo Textiles recently. Also the weavers are slowly dispersing to various parts of Delhi as per the information from the association.

This industry has **been declared as a cluster by the Department of Industries, NCT of Delhi and the Mo Textiles**. The following table provides the basic facts of this cluster.

Table 1.44: Handloom Cluster- Fact sheet		
Cluster Type	Natural	
Geographical Spread	Nand Nagri, Sunder Nagri, Khajoori Khas; East Delhi District.	
Rural/Urban	Urban	
Approx. No. of enterprises	>50	
Approx % of micro manufacturing enterprises	100%	
Nature of Manufacturing Activity	Mfg. of Textiles	

1.4.2 Annual Turnover

Table 1.45: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
<1	9.4
1-3	45.3
3-5	18.9
5-7	1.9
7-9	15.1
>9	9.5
Total	100

More than 45% of the enterprises have admitted to having an annual turnover ranging between ₹ 1 and 3 Lakhs. About 20% have admitted to having a turnover between ₹ 3 and 5 Lakhs.

The estimated average annual turnover per enterprise is about ₹ 4.5 Lakhs.

1.4.3 Location Preference

Table 1.46: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	13.2
Availability of physical infrastructure	9.4
Connectivity	13.2
Availability of industrial infrastructure	3.8
Availability of ancillary enterprises	3.8
Availability of raw material	77.4
Proximity to market	24.5
Availability of skilled labour	64.2
Local tax incentives	0
Local wage levels	1.9
Close to residence	60.4
Cluster benefits	28.3
Easy availability of credit	3.8
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

According to the primary survey, 75% of the enterprises preferred this location due to the availability of raw material in its vicinity, while above 60% prefer this location due to the availability of skilled labour and the nearness to their residence. More than 25% have also given credit to the proximity of the market and the cluster benefits available to this cluster.

From this survey, we can conclude that availability of raw material, availability of skilled labour and nearness to residence are the prime three reasons for the growth of the cluster at this location.

- Most of the enterprises are highly satisfied with the lighting conditions in their work place. Since the privatisation of power supply power outages in Delhi have reduced and accordingly lighting facilities have improved.
- More than 70% are satisfied with the space conditions in their enterprise. The enterprises have stated that they have enough space for their activity. Most of these enterprises are run by artisans within their households where the family is involved in the manufacturing process.
- While there has been a mixed trend seen in the satisfaction levels with respect to hygiene conditions. However a visit to the location proved that the hygiene conditions are poor in this area. The roads are accumulated with solid waste along the drains. The drains tend to get choked and water logging is prominent on the roads during the rains.
- Almost 80% of the enterprises were satisfied with the safety conditions in this location. They did not face any safety hazards in this area.

1.4.4 Manpower Availability

Table 1.47: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	60.4
6-10	28.3
11-15	5.7
>15	5.7
Total	100

Around 60% of the enterprises have employed about 1 to 5 workers, and around 30% have around 6 to 10 workers in their enterprise. Almost 65% have stated that skilled manpower is available in the market. This may also be because the family members are involved in this process. Not many enterprises employ labour from outside in their units.

- **Problems:** More than 75% of the enterprises face a shortage of funds in employing skilled labour or upgrading the skills of their workers. About 30% have also

complained that they face a lack of practical training for skilled labour. The association informed us that though the Ministry of Textiles has conducted a number of workshops and seminars, practical training is not being provided. A few complained of higher attrition rate amongst skilled labour because of which they do not prefer to employ skilled labour.

1.4.5 Raw Material Availability

- **Proximity:** All the enterprises procure their material from Delhi itself. Chandni Chowk, Gandhi Nagar and Mongolpuri are main locations within Delhi for procurement of material. While about 50% of the enterprises source their material from agents about 40% procure the material directly.
- **Costs:** Almost 90% of the enterprises have stated that the major problem in procuring raw material is the high cost of procurement. About 30% have also complained of fluctuating costs of material. A few have also complained of high transportation costs and taxes and duties that they have to bear while transporting material from other states in NCR.

Discussions with associations have brought out that the raw material has become extremely expensive. Raw cotton has increased in cost which has led to closing of a number of enterprises and shifting of the workers to other informal sector jobs like roadside vendors and rickshaw drivers.

1.4.6 Finance/ Credit Availability

Table 1.48: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	67.9
Lengthy process	34
Untimely disbursement of funds	1.9
Unsuitable repayment schedules	1.9
Delay in sanction	5.7
Strict Eligibility Condition	3.8
No problems	17
* This was a multiple answer question, the total may add up to more than 100%	

More than 75% of the enterprises had refused to have availed any loan or credit facilities. Among the 20% who had availed loans, about 58% have availed it under government schemes. Around 20% have taken loans from private money lenders.

Problems: Almost 65% of the enterprises have stated that they face a higher interest rate. About 35% have also complained of lengthy procedures of availing loans.

As per discussions with the association, the enterprises lack knowledge on the procedures of the banks the documents required. They also lack these documents

and are unable to avail loans. Also the lengthy procedures and demand for collateral security discourages them from taking loans from financial institutions.

1.4.7 Technology Up-gradation

Table 1.49: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology up-gradation	39.6
Enterprises who did not feel the need for up-gradation	60.4
Total	100

quality products. About 30% wanted to reduce wastage and to improve cost effectiveness.

- **Problems in up-gradation:** While almost 75% have informed us that they have not upgraded their technology due to shortage of funds. About 40% also complained of absence of technical knowledge. This shows that though the Ministry of Textiles have conducted workshops and seminars for these enterprises to improve their technical

Table 1.50: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	47.6
Reduction in waste	28.6
Cost ineffectiveness	28.6
Quality Improvement	47.6
Large Orders	4.8
Pollution Control	0
Availability of Better Technology	9.5
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 1.52: Upgradation of design	
Frequency of changing design	% of enterprises
0- 6 months	88.7
6-12 months	7.5
>12 months	3.8
Total	100

betterment according to the changing market demands about 10% also have given credit to competitors.

- **Need:** The requirement for technological upgradation was felt by only about 40% of the enterprises. Almost 60% of the enterprises do not feel this requirement or are ignorant about it. About 50% of the enterprises felt that the competition faced by them is the major reason why technological upgradation is required. About the same number also felt this requirement in order to produce better quality products. About 30% wanted to reduce wastage and to improve cost effectiveness.

1.4.8 Design and Development

The handloom industry is based on the ever changing trends and market demands. Almost 90% of the enterprises change the designs in less than 6 months' time. Where 65% have said that design needs

Table 1.51: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	73.6
Problems of R&M	0
Absence of Technical Know-how	41.5
Unavailability of domestic market	3.8
Unskilled labour	1.9
Resistance from labour	0
Other Reasons (Did not face problem)	17

- **Problems:** While 45% of the enterprises complained of shortage of funds for upgrading their designs on a time to time basis, around 35% also complained of lack of design know how. Few also faced problems of labour resistance in frequently changing the designs of their products.

Table 1.53: Need for upgrading design *	
Reason	% of enterprises
Competitors	11.3
Changing Trends	1.9
Market demand	66
Low sales	3.8
Not required	26.4
* This was a multiple answer question, the total may add up to more than 100%	

- **Water Supply:** Almost all the enterprises have said that water supply is available to them. About 70% have also mentioned to us that they are quite satisfied with the water supply in this locality. However, the handloom industry requires large quantities of water supply for manufacturing process. However, these enterprises have taken domestic connections instead of commercial due to which water shortage may be faced.
- **Effluent Treatment Plant:** An effluent treatment plant is essential for this cluster. However, this is absent. Due to its absence, the enterprises do not get clearance from the Pollution Board, due to which they are not eligible for loans under many MSME schemes.
- **Power Supply:** All the 53 surveyed enterprises are satisfied with the power supply conditions. This state has been reached after the privatisation of power supply.
- **Connectivity:** This cluster is connected by the Mangal Pandey Road and the Taharpur Road. However, the road conditions are poor with solid waste accumulated at various places. The internal roads are also extremely narrow with access only to rickshaws and two wheelers at most places. These have open drains running along the roads on both sides which get choked and water logged during rains.
- **Common Facilities:** Though a weaver's service centre was present in this area it has closed down recently. There are no other common facilities available to them within this location.

1.4.10 Marketing

The first point of sale for all of the enterprises is within Delhi and NCR itself. Most of the products are sold in local markets and to traders who further sell it to retail customers. While more than 60% of the products are bought by retail traders, 80% of the enterprises also sell their products to wholesalers. Very few products are sold to industries for further finishing.

Though an initiative has been taken by the Ministry of Textiles and Department of Industries, not many initiatives have been taken by them to provide support for design development.

1.4.9 Common Facilities

Table 1.54: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	43.4
Absence of design know-how	34
Resistance from labour	11.3
No problems	17
* This was a multiple answer question, the total may add up to more than 100%	

Table 1.55: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

as an obstacle in marketing their products, while around 30% also face a problem of shortage of funds.

Table 1.56: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	28.3
Absence of Marketing know-how	54.7
No problems	26.4

■ **Mode of marketing:** All the enterprises first depend on word of mouth for marketing their products.

■ **Problems:** More than 55% have admitted the lack of marketing knowledge

1.4.11 Support Organisations

There is no formal association for these enterprises. However they have come together and formed an informal *samiti*. They have informal meeting where they discuss their problems and solutions which they can collectively resolve.

1.4.12 Evaluation of Govt. Schemes

Few enterprises are aware of the various schemes by various government departments for the benefits of the MSME sector. The MSE-CDP, Integrated Handloom Cluster Development Programme, Baba Saheb Ambedkar Hastshilp Vikas Yojana and PMEGP are a few that these enterprises have said they know of. However none of the enterprises claim to have taken any benefits under these enterprises.

1.4.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> Government initiative has been seen in this cluster. 	Opportunities <ul style="list-style-type: none"> Strong presence in the domestic market and increasing demand in export market.
Weaknesses <ul style="list-style-type: none"> Enterprises are not able to avail credit due to lack of clearance from pollution board. Absence of common facilities like CETP, information centre etc. Lack of marketing knowledge. 	Threats <ul style="list-style-type: none"> High cost of procuring raw material has led to the closure of a number of household enterprises. Though government initiatives have been taken, not enterprises have reaped benefits from these.


1.5 Zari & Embroidery Cluster, Zakir Nagar, Delhi

Zari and Embroidary activity is concentrated within the 1 Km radius of Zakir Nagar. This industry is spread into the colonies like Batla House, Toba Colony and Taimoor Nagar. Skilled artisans from Uttar Pradesh had migrated to Delhi bringning along their traditional activity gain the benefit of large markets of Delhi. Still majorityof the artisans are from UP. This industry has been showing a declining trend as many units have shifted to Bulandshahar and Farrukhabad – where thay originally hailed from.

1.5.1 Cluster Fact Sheet:-

The following table gives us the brief details of this cluster.

Table 1.57: Zari and Embroidery Cluster - Fact sheet	
Cluster Type	Natural
Geographical Spread	Zakir Nagar, Batla House, Toba Colony, Taimoor Nagar
Rural/Urban	Urban
Approx. No. of enterprises	100
Approx % of micro manufacturing enterprises	100
Nature of Manufacturing Activity	Zari & Embroidery work on Sari & Kurta



1.5.2 Annual Turnover

Table 1.58: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	90.5
5-10	3.4
>10	5.1
Not Answered	0
Total	100

Out of the 59 micro enterprises surveyed, majority of the enterprises (90.5%) having an annual turnover up to ₹ 5 Lakhs, 3.4% of the units have a turnover of between ₹ 5 to 10 Lakhs, and around 5.1% registered more than ₹ 10 Lakhs.

1.5.3 Location Preference

76% of the units have cluster benefits was the reason for establishing unit at this location, 74% of units located here due to proximity to market was the main reason while 41% preferred for the availability of skilled man power in this area.

- Majority of the units (61%) are highly satisfied with the space.

Table 1.59: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	5.2
Connectivity	1.7
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	29.3
Proximity to market	74.1
Availability of skilled labour	41.4
Local tax incentives	0
Local wage levels	24.1
Close to residence	55.2
Cluster benefits	75.9
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- There is a mixed response for the hygiene condition in the area. 32% of the units are satisfied with the hygiene condition while 47% of the units told for the bed condition and 20% told for average for the same. 58% of the units registered no cleanness.
- Majority of the units (51%) are satisfied with safety condition in the area.

1.5.4 Manpower Availability

Employee size: Majority of the units 46% have employment size less than 5.

- 56% of the units are facing shortage of skilled man power.
- 30% of the units are facing shortage of funds in availability of skilled employees/skill upgradation while 40 % have no problem for the same.

Table 1.60: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	45.8
6-10	22.0
11-15	18.6
>15	13.6
Total	0

- 42% units have no knowledge about the any organisation to make available the best trained resources while 44% have trust on government organisation

During discussion with the labourers it has been found that most of them are from Uttar Pradesh. They belong from Farrukhabad, Bareilly and Sultanpur Districts. They are highly skilled in this profession as they trained at the household level which is a traditional activity for them. These people have taken rooms on rent and started Zari and Embroidery activity. Involvement of local people in this activity is very less.

1.5.5 Raw Material Availability

- Proximity:** Delhi is main source for procuring raw material. They are procuring raw material from Chandani Chowk, Delhi and Surat (Gujarat).
- Procurement:** Most of the units (58%) are procuring raw material through agents. Even some of the units procure directly as per their requirement.
- Costs:** 91% of the units facing high cost of raw material. The increasing cost of raw material is major concern of this industry as it results to the increase in the final cost of the finished product.

- **Support:** 69% units have trust on government organisations for help them for procuring the raw material while 30% are not aware about the responsible organisation.

1.5.6 Finance/ Credit Availability

37.3 % of the units availed credit facilities for their financial purposes.

Table 1.61: Credit facilities	
	% of units
Availed Credit Facilities	37.3
Not availed Credit Facilities	62.7
Total	100.0

- **Source:** out of 22 units 90% units had taken credit got from private money lender.
- **Problems:** 44% told about the high interest major problem for taking credit.
- **Working Capital Loans:** 7%t has taken working capital loan.

Table 1.62: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	44.1
Lengthy process	6.8
Untimely disbursement of funds	0
Unsuitable repayment schedules	5.1
Delay in sanction	1.7
Strict Eligibility Condition	1.7
Other problems	0
No problems	52

On holding discussion with the enterprises it has been found that the economic condition of these artisans is very poor. They require credit to fulfil the required raw material. They generally take loans from private money lenders on high interest rate as getting credit from private money lenders proves easy for them. They told that they need money instantly due to the nature of their activity and private money lenders make available very easily at their door step. On the other side 52% of the units told that they are facing

no problem in sanction of credit from financial institutions. Also it has been found that they do not want to go for paper work.

1.5.7 Technology Upgradation

Table 1.63: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	52.5
Units who did not feel the need for upgradation	47.5
Recently Upgraded	0
Total	100.0%

- **Need:** 45%of the units felt that competitors made them the need of change in machine.
- **Problems in upgradation:** almost 78% units are facing short of funds as a major problem for upgradation of their machines.
- **Support:** 47% unaware about the responsible organisation to help them in

upgrading the technology while 41% have trust to government organisation of it.

1.5.8 Design and Development

The designs are changed very fastely in this activity. It is guided by the market demand. Almost 98% of the units used to change their design within 3 months.

- **Need:** 100% of units change due to

Table 1.65: Need for upgradation	
Reason for need	% of units
Competitors	40.7
Reduction in waste	0
Market Demand	100
Quality Improvement	0
Large Orders	0
Pollution Control	0
Availability of Better Technology	1.7
Other Reasons	0

Table 1.66: Upgradation of design	
Frequency of changing design	% of units
0-3 months	98.1
3-6 months	1.9
>6 months	0
Total	100.00

Table 1.67: Reasons for upgrading design	
Reason	% of units
Competitors	40.7
Changing Trends	1.7
Market demand	100.0
Low sales	0
Other reasons	0

- **Power Supply:** All units have power connections. However, they do get continuous power supply particularly in summer. Some of the units have electrified machines which are badly affected by the intermittent power supply. However, a number of these enterprises also have illegal connections which cause a problem to the supply of the area.

There is no facility available for the development of this industry. It is because all these units are running in residential area of Zakir Nagar, Toba Colony and Batla House.

Table 1.64: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	39.7
Problems of R&M	0
Absence of Technical Know-how	1.7
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons	58.0

market demand. There is very tough competition in the market. Design is the one of the major factor for the attraction of the consumers. So they always try to produce new design in the market.

- **Problems:** 40 % of the units face short of fund for upgrading their design. While 59% of the units told for other reasons like lack of awareness and they do not have approach to get the new design.

1.5.9 Common Facilities

- **Water Supply:** As per primary survey it has been found that the enterprises get water supply twice per day. They complained of contaminated supply of water. But officials of Delhi Jal Board rejected these complaints.

Table 1.68: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	39.7
Absence of Design know-how	1.7
Resistance from labour	0
Other reasons	58.6
Total	100

1.5.10 Marketing

Table 1.69: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	34.5
Wholesale trader	86.2
Exporter	5.2
Industries	10.3
Govt. Authorities	0
Total	100%

- **Consumers:** Major part of the units 86% are sold to wholesale traders, 34% of the units have directly to the retail consumers while 5% sales to the exporters.
- **Mode of marketing:** 100% of the total units depend upon the word of mouth for marketing their products.

Table 1.70: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other means of marketing	0

Table 1.71: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	10.2
Absence of Marketing know-how	1.7
Other reasons	88.1
Total	100

While 10% of the units admitted to facing short of funds for the marketing, 88% face other problems. During discussion with the enterprises it has been found that they have to sell their products at credit a number of times and do not get the price of their product immediately. It takes anywhere between one week to one month. Due to this practice the artisan's capital is being stuck and they devote extra time to get back the money.

1.5.11 Support Organisations

There is no support organisation in this area for development of this activity. Units established here have not established any association. Even they are not interested about it.

1.5.12 Evaluation of Govt. Schemes

Lack of awareness about the govt. schemes is observed during study. They have not shown any interest for this. Some of the units have information about the Prime Minister's Employment Generation Programme.

1.5.13 SWOT Analysis


Strengths <ul style="list-style-type: none"> – Availability of skilled manpower – Nearness to Market 	Opportunities <ul style="list-style-type: none"> – High aesthetic value – Growing demand towards traditional wear
Weaknesses <ul style="list-style-type: none"> – No proper space – Lack of marketing skills 	Threats <ul style="list-style-type: none"> – Unauthorised – Space Constraints

1.6 Textile Block Printing Cluster, Ghaziabad

1.6.1 Cluster Fact Sheet:-

Pilakhuwa is a town in the Hapur tehsil of district Ghaziabad; very famous for its handloom and block printed products. As against the normal belief of the people, there are very few handloom micro enterprises in Pilakhuwa. Pilakhuwa has an extensive cluster of textile block printing. The main products of this micro industry are block printed bed sheets. The association informs us that there are hardly 100 weavers in Pilakhuwa, however, there are more than 300 block and screen printing enterprises here.

This industry has **been declared as a cluster under the MoMSME**. The following table provides the basic facts of this cluster.

Table 1.72: Textile Block Printing Cluster, Pilakhuwa, District Ghaziabad		
Cluster Type	Natural	
Geographical Spread	Pilakhuwa town, District Ghaziabad	
Rural/Urban	Urban	
Approx. No. of enterprises	>200	
Approx % of micro manufacturing enterprises	95%	
Nature of Manufacturing Activity	Mfg. of Textiles. Manufacturing of Block Printed Textiles.	

1.6.2 Annual Turnover

Table 1.73: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
0-2	4.9
2-4	27.9
4-6	27.9
6-8	34.4
8-10	3.3
> 10	1.6
Total	100

The primary survey has revealed that more than 30% of the enterprises have an annual turnover between ₹ 6 and 8 Lakhs. About 30% each have also admitted their turnover to be ranging between ₹ 2 – 4 Lakhs and ₹ 4 – 6 Lakhs.

The average annual turnover per enterprise has come out to be approximately ₹ 6 Lakh. The average turnover of the cluster thus will be above ₹ 12 Crores.

1.6.3 Location Preference

Table 1.74: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	24.6
Availability of physical infrastructure	1.6
Connectivity	8.2
Availability of industrial infrastructure	0
Availability of ancillary enterprises	1.6
Availability of raw material	68.9
Proximity to market	23
Availability of skilled labour	34.4
Local tax incentives	0
Local wage levels	0
Close to residence	62.3
Cluster benefits	75.4
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

Almost 75% of the enterprises have admitted to having set up their enterprise at the current location due to the advantages that they gain as a group of similar enterprises. More than 60% also pointed out to the availability of raw materials and the presence of their residence at Pilakhuwa as important locational advantages that they have. About 35% have also suggested that the availability of skilled labour in this location was another plus point. As per the secondary research, it has been inferred that the emergence of this industry at Okhla was not induced. When the industrial area was developed a number of entrepreneurs started manufacturing and exporting garments from this location.

This survey provides conclusive evidence that, the availability of cluster benefits, raw material and the nearness to residence were the prime reasons for this industry to prosper at Pilakhuwa. The association also supports this by confirming the easy availability of dyes in Pilakhuwa which is the main raw material for this micro industry at the time the industry began.

- More than 60% of the enterprises are moderately satisfied with the lighting conditions in their work place. Their complaint was that the power supply is not regularised. Other wise their enterprise is well lighted both naturally and electrically.
- More than 80% of the enterprises are satisfied (moderately to highly) with the space in their enterprises. They do not have any space constraints. The enterprises in general have enough room for the block printing work to be done comfortably.
- About 70% of the enterprises are satisfied with the hygiene conditions in and around their enterprises, though they do mention that cleaning should be done on a more regular basis. However, during the visit to the cluster, it was observed that the locality was not very clean. Solid waste was accumulated on the already narrow roads and the drains had also choked due to accumulation of waste.
- More than 60% of the enterprises are highly satisfied with the safety conditions in their enterprises.

1.6.4 Manpower Availability

Table 1.75: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	62.3
6-10	26.2
11-15	8.2
>15	3.3
Total	100

Above 60% of the enterprises have employed between 0 to 5 workers, and more than 25% have around 6 to 10 workers. Only about 10% have more than 11 workers in their manufacturing enterprises.

- **Problems:** Almost 60% of the micro enterprises are not able to employ skilled labour/ upgrade the skills of the workers due to the shortage of funds. About one quarter also blames the unavailability of the

required course/ training for skill upgradation purposes. About 20% also face a high rate of attrition amongst the skilled workers.

The discussions with the association in Pilakhuwa has also brought forward that the workers are slowly moving towards South India as the government there is more supportive and the wage level are much higher than in Uttar Pradesh or all over North Delhi. Also the association is concerned that with the rising prices of the yarn and powerloom, the lower class employed in this sector will slowly lose their livelihoods.

1.6.5 Raw Material Availability

The chief raw material used for block printing in this cluster is indigo based dyes. These dyes are procured by most micro enterprises from the traders within Pilakhuwa itself. The tradrs procure the dyes from Delhi primarily apart from Meerut and Moradabad.

- **Source:** Around 70% of the enterprises procure the raw material through the bulk suppliers. The remaining procure it directly or through agents.
- **Costs:** Almost 95% of the enterprises complain of high cost of the raw material, and 78% blame the high costs to the high transportation costs that these bulk suppliers face. *However, the association informs us that real reason for the high cost of the raw material is the black marketing of the dyes by the suppliers who act as middlemen. There is also no licensing/ government approved raw material centre/traders that can be trusted on subsidised pricing.*
- As most of the clusters visited and studied, even in this cluster a majority of the enterprises (90%) have refused having availed any credit facilities. Amongst 10% who had borrowed money, almost 70% had done so through financial institutes. About 30% had taken loans from private money lenders.

1.6.6 Finance/ Credit Availability

Table 1.76: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	13.1
Lengthy process	39.3
Untimely disbursement of funds	3.3
Unsuitable repayment schedules	0
Delay in sanction	37.7
Strict Eligibility Condition	4.9
Other problems (Commission)	30
No problems	23
Not answered	11.6
* This was a multiple answer question, the total may add up to more than 100%	
Table 1.77: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	88.5
Enterprises who did not feel the need for upgradation	11.5
Total	100

Problems: About 40% of the micro enterprises faced problems of lengthy procedures and delayed sanctioning in availing these credit facilities. About another 30% also complained of commissions to be paid to agents for the purpose of availing loan.

According to discussions with the association, the level of awareness amongst the enterprises was also low. As a result of which the agents took advantage of their situation and made money in between.

1.6.7 Technology Upgradation

- **Need:** Almost 90% of the enterprises felt the need for upgrading technology. Almost 50% of these felt this need in order to reduce the waste being produced by their enterprise, while about 42% felt this requirement due to the competition faced by them. About 16% also accredited this need to the larger orders being faced with them.

- **Problems in upgradation:** Almost 85% of the enterprises had not upgraded the technology due to shortage of funds, which is the prime reason for non upgradation of technology amongst the enterprises.

On further probing into this matter, the association informed us that where similar clusters in Ludhiana and Jaipur are prospering due to the new designs and technology being provided to them by the government, the cluster at Pilakhuwa is still backward on this aspect. They also confirmed the reason as being non availability of funds to procure the expensive printing equipment, due to low awareness about the financial support in place for the MSME sector.

Table 1.78: Need for upgradation*		Table 1.79: Problems faced in upgradation	
Reason for need	Respondents (%)	Problems faced in upgradation	Respondents (%)
Competitors	42.6	Shortage of funds	83.6
Reduction in waste	50	Problems of R&M	0
Cost ineffectiveness	5.6	Absence of Technical Know-how	4.9
Quality Improvement	0	Unavailability of domestic market	1.6
Large Orders	16.7	Unskilled labour	1.6
Pollution Control	0	Resistance from labour	0
Availability of Better Technology	0	No problem	9.8
Other Reasons	0		
* This was a multiple answer question, the total may add up to more than 100%			

1.6.8 Design and Development

Table 1.80: Upgradation of design	
Frequency of changing design	% of enterprises
0-2 months	59
2-4 months	16.4
4-6 months	1.6
> 6 months	23
Total	100

The USP of any textile industry is the continuously changing design. These enterprises being ancillary to the garments and home furnishing industry; almost 90% of the enterprises change their designs in less than 3 months time. The designs are changed by more than 60% of them as per the samples given to them by the purchaser. The rest of the enterprises design their products by themselves.

- **Need:** Where greater than 98% of the enterprises feel the requirement for better designs due to the increasing competition, about the same number also acknowledge the changing market trends. Very few stated that they changed designs due to lower sales.
- **Problems:** Almost 60% of the enterprises have not been able to or face constraints in changing designs due to shortage of funds.

Table 1.81: Need for upgrading design *	
Reason	% of enterprises
Competitors	39.3
Changing Trends	9.8
Market demand	96.7
Low sales	21.3
Not required	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 1.82: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	83.6
Absence of design know-how	3.3
Resistance from labour	6.6
No problems	6.6
* This was a multiple answer question, the total may add up to more than 100%	

1.6.9 Common Facilities

- **Water Supply:** The enterprises have agreed to having a satisfactory supply of water. These need large quantities of water for their industrial purposes for which they have made their own private arrangements. Most of these enterprises have private tube wells.
- **Power Supply:** The position of power supply as per the primary survey has been rated very poor. The association has revealed that though Pilakhuwa has a population of more than 1 Lakh, hence is a census town; the power supply is still according to the standards of a village. As per this they get a power supply of less than 8 hours in a day. This affects upgradation of technology as the screen printing machinery uses electricity.
- **Effluent Treatment:** A Centralised Effluent Treatment Plant is very much required for this cluster as these enterprises give out large quantities of chemical effluents that cause high levels of pollution. The effluents are let into the storm water drains directly without treatment which affects the condition of the cluster. There have been a number of instances when the enterprises have been fined for this; however they are unable to rectify this problem without government support.
- **Connectivity:** The cluster is well connected to other important urban centres of NCR, be it Delhi, Meerut, Hapur or Ghaziabad. However the internal roads within the cluster are in a poor condition. In most places they are very narrow, not more than 3 -4 mts. ROW. These roads also have a number of pot holes. There is also no truck parking available in these clusters. The material is transported even today by bullock carts or on donkeys. The finished goods are transported to wholesalers outside Pilakhuwa by traders by trucks. These traders have a common warehouse centre where they store and carry out the sales from.
- **Other Common Facilities:** The association has brought out that the enterprises have to wash; dye and block print the units. These units require large open spaces to dry the products in order to ensure quality of the colour of the print. Presently the enterprises dry the cloth in the large open fields over the plants which however results in staining at times and may prove harmful to the crop.

The association informs us that the Uttar Pradesh government has sanctioned ₹ 40 Crores to the Hapur Pilakhuwa Development Authority. HPDA has allotted an area in order to shift the dyeing and printing enterprises on the highway connecting Pilakhuwa and Delhi. They have already marked out around 400 plots for these enterprises. The enterprises have also applied for allotment. This has been done in order to solve the infrastructural problems that this cluster faces. This Pilakhuwa Textile Centre will have a CETP, water supply and continuous power supply as per HPDAs plan.

1.6.10 Marketing

The first point of sale for all of the enterprises is within Pilakhuwa itself. Most of the manufacturing enterprises sell their products to traders within Pilakhuwa who further sell their products all over India and abroad. These traders go to various cities and states all over

India to find out the market demand and the current trends in these locations and accordingly place order with the manufacturing enterprises who make the products on a job work basis. They charge them on a piece wise basis. The traders provide them with samples that they have to replicate for sale.

Table 1.83: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	13.1
Wholesale Trader	90.2
Exporter	1.6
Industries	6.6
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

■ **Market:** 90% of the units surveyed sell their products to or manufacture on job work basis for wholesale traders, as revealed by the primary survey. About 15% of the units also sell their products to retail traders within Pilakhuwa and nearby towns.

■ **Mode of marketing:** While all the enterprises first depend on word of mouth, few also put up their products on display in exhibitions and melas held at state and national level.

■ **Problems:** The only problem that was brought out by the enterprises that was faced by them in marketing their products was the shortage of finances.

Table 1.85: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	100
Exhibitions/ Melas	1.6
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 1.84: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	63.9
Absence of Marketing know-how	0
No problems	36.1

On discussion with the association, it was brought out that if given government support in marketing, and an awareness about the various means to market their products was brought about, the units would be able to directly capture the market and the market for the block printed textiles will increase. Another important aspect brought out by the association was that the enterprises required support in terms of R&D on value added products, quality testing centres and design banks for better products and better markets.

1.6.11 Support Organisations

In Pilakhuwa, there is no manufacturers association. However, there is a traders association: Pilakhuwa Vastra Vyapar Sangh; which a number of manufacturers are a member of. This association keeps an account of the various problems faced by these manufacturers and also provide them with support where ever possible. More than 45% of the enterprises agree that this association provides support in registering complains and problem solving. More than 50% of the enterprises also stated that the association provides them with marketing assistance and business development solutions.

The HPDA is also developing an area 'Pilakhuwa Textile Centre' for these textile block printing enterprises for their development.

1.6.12 Evaluation of Govt. Schemes

The enterprises seem to be aware of the MSE-CDP, Baba Saheb Ambedkar Hastshilp Vikas Yojana, Integrated Handloom Cluster Development Programme, Prime Minister's Employment Generation Programme and the Rural Employment Generation Program. Though no one has admitted to having taken any benefits from wither of these.

1.6.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Market demand for product is high. – Some units are aware of and have availed credit facilities from banks. 	Opportunities <ul style="list-style-type: none"> – HPDA has procured a land to shift this cluster for improved infrastructure facilities.
Weaknesses <ul style="list-style-type: none"> – Poor infrastructure conditions – absence of CETP, narrow roads in poor conditions. – Absence of large open spaces for drying of the products. – Absence of marketing awareness, training and R&D centres; testing labs etc. 	Threats <ul style="list-style-type: none"> – Prevalence of black marketing in sale of raw materials – leading to high procurement costs. – Competition form similar clusters in Jaipur and Ludhiana where government support in terms of new technology, design banks, market linkages are present. – Labour is shifting to other parts on India (South) due to availability of better wages and government benefits.

2. Cluster Reports- NIC Code 18

2.1 Readymade Garment Cluster, Gurgaon

2.1.1 Cluster Fact Sheet:-

The Readymade Garment manufacturing industry has shown tremendous growth in District Gurgaon, a cluster of such type involved in manufacturing high-fashion readymade garments has come up in the well-developed industrial area of Udyog Vihar. These units export their products to many foreign countries thus earning valuable foreign exchange for the country.

Though these industries are located in Udyog Vihar and the total investment might be much higher, the investment in plant & machinery for most of these does not cross ₹ 25 Lakhs as confirmed while discussing with the association.

This industry has **been declared as a cluster under the MoMSME** and has been taken up for intervention by the MSME-DI.

Table 2.1: Readymade Garmets Cluster, Gurgaon - Fact sheet	
Cluster Type	Artificial
Geographical Spread	Udyog Vihar, Gurgaon
Rural/Urban	Urban
Approx. No. of enterprises	>50
Approx % of micro manufacturing enterprises	80%
Nature of Manufacturing Activity	Mfg. of Wearing Apparel



2.1.2 Annual Turnover

Table 2.2: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
6-8	10
8-10	20
10-30	0
30-40	5
40-50	5
>50	50
Not Answered	10
Total	100

More than 50% of the enterprises have admitted to having an annual turnover of more than ₹ 50 Lakhs, while about 20% have stated that they have a turnover from ₹ 8 to 10 Lakhs. This proves that this cluster has a high turnover as compared to the investments on P&M.

The estimated average annual turnover for this cluster is around ₹ 350 Lakhs.

2.1.3 Location Preference

Table 2.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	30
Availability of physical infrastructure	10
Connectivity	35
Availability of industrial infrastructure	5
Availability of ancillary enterprises	10
Availability of raw material	55
Proximity to market	35
Availability of skilled labour	45
Local tax incentives	0
Local wage levels	15
Close to residence	15
Cluster benefits	45
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

The primary survey reveals that more than 55% of the enterprises preferred this location due to the availability of raw material in its vicinity; almost 45% prefer this location due to the availability of skilled labour and the cluster benefits available to these. About 35% have also stated good connectivity and proximity to market are locational advantages shared by them in Udyog Vihar.

From this survey, we can conclude that availability of raw material, availability of skilled labour and cluster benefits are the prime three reasons for the growth of the cluster at this location.

- Most of the enterprises are moderately satisfied with the lighting conditions in their work place. These enterprises have been allotted a proper space in the industrial area by HSIIDC. They are well built,

ventilated and lighted. However, the association also points out that power outages are very frequent in this industrial area which leads to a loss in productivity and dissatisfaction amongst the enterprises.

- More than 80% are highly satisfied with the space conditions in their enterprise. The reason for this could be because of the even plots cut out by HSIIDC which have been bought by these enterprises.
- All the enterprises are moderately to highly satisfied with the hygiene conditions in the industrial area. This was vetted during the visit to this cluster. This locality was well maintained and periodically cleaned by HSIIDC. There was not any major hygiene related issues that came out obviously in this area.
- More than 70% of the enterprises were highly satisfied with the safety conditions in this location. They did not face any safety hazards in this area.

2.1.4 Manpower Availability

Around 80% of the enterprises have employed more than 15 workers, and around 10% have around 6 to 10 workers. The workers required by the enterprises in this cluster range from helpers to tailors to finishers to checkers. Every enterprise has a varied proportion of these as per their work structure.

Table 2.4: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	5
6-10	10
11-15	5
>15	80
Total	100

- **Skill:** More than three fourths of the enterprises have stated that skilled labour is easily available in the market. However the association has informed us that off late shortage of labourers was starting to be faced by a number of these apparel units, especially since the common wealth games when the workers were sent back to their native places for better security in the Delhi

NCR region.

- **Problems:** Majority of the enterprises (> 60%) have denied having any problems regarding manpower – skilled or unskilled. However, about 25% have mentioned that they face a problem of high attrition rate amongst the workers and the shortage of funds in employing skilled labour as they demand for higher wages.

2.1.5 Raw Material Availability

- **Proximity:** More than 50% of the enterprises procure their raw material from Delhi; a few also procure material from Faridabad and Gurgaon. While around 40% have procured material directly, about the same number also procure material from bulk suppliers. About 20% get it via agents.
- **Costs:** Almost 65% of the enterprises have stated that they face no major problems in procuring raw material; about 20% have stated that they do face a problem of high costs of raw material. About 155 have also stated that they have to bear high transportation costs in procuring raw material.

Discussions with stakeholders have brought out that the major problem that the enterprises face with respect to raw material procurement is the taxes that have to be paid by them for procuring material from different states even within NCR.

More than 50% of the enterprises had availed loans/ credit facilities. Among these more than 80% had availed loans through financial institutions under certain government schemes. About 40% have also availed working capital loans.

2.1.6 Finance/ Credit Availability

Problems: Almost 90% of the enterprises have stated that they face no problems in availing credit facilities. The remaining few have identified higher interest rates as a problem being faced by them.

Table 2.5: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	44.4
Lengthy process	75.9
Untimely disbursement of funds	3.7
Unsuitable repayment schedules	0
Delay in sanction	20.4
Strict Eligibility Condition	59.3
Other problems (Commission)	0
No problems	0
Not answered	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.6: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	44.4
Enterprises who did not feel the need for upgradation	55.6
Total	100

have informed us that they have faced no problems in up-gradation of technology, a few also face problems due to absence of technical know-how and absence of skilled labour. ***In discussion with the association, it was found that the entrepreneurs upgraded their machines and technology as per their requirement and availability of funds with them.***

Table 2.7: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	14.3
Reduction in waste	57.1
Cost ineffectiveness	21.4
Quality Improvement	85.7
Large Orders	21.4
Pollution Control	0
Availability of Better Technology	7.1
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

According to discussions with the concerned stakeholders, the enterprises faced a problem because in spite of repeated promises HSIIDC has not yet handed over the conveyance deed to the enterprises. Due to this they are unable to use their plot as security deposit against the loan taken. They have to take loans on a personal basis.

2.1.7 Technology Up-gradation

■ **Need:** The requirement for technological upgradation was felt by about 60% of the enterprises. Almost 60% of the enterprises have felt the requirement for up-gradation of technology for reducing the waste produced. More than 85% of the enterprises also felt this for improving the quality of the products. More than 20% of the enterprises also accredited this requirement to cost effectiveness and placement of large orders.

■ **Problems in up-gradation:** While almost 70%

Table 2.8: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	31.6
Problems of R&M	0
Absence of Technical Know-how	10.5
Unavailability of domestic market	0
Unskilled labour	10.5
Resistance from labour	0
Other Reasons (Did not face problem)	68.4

2.1.8 Design and Development

Table 2.9: Upgradation of design	
Frequency of changing design	% of enterprises
1-3 months	88.9
3-6 months	1.9
Total	100

The textile industry is successful only based on the changing designs as per the changing trends and market. More than 50% of the enterprises have disclosed that they upgrade their technology within 3 months. All the enterprises have admitted to changing the designs within a maximum period of 6 months.

While 55% of these surveyed enterprises have stated that they change the designs by themselves, more than 40% have stated that they change the designs as provided by the private parties that place orders with them.

- **Need:** Where greater than 95% of the enterprises feel the requirement for better designs due to the changing market demand, about 50% have also given credit to the increasing competition and changing trends.
- **Problems:** While almost 85% of the enterprises do not face any major issues in this regard, a few have pointed out to shortage of funds and resistance from labour as a few constraints in regularly changing designs.

Table 2.10: Need for upgrading design *	
Reason	% of enterprises
Competitors	50
Changing Trends	55
Market demand	95
Low sales	0
Not required	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.11: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	10
Absence of design know-how	0
Resistance from labour	10
No problems	85
* This was a multiple answer question, the total may add up to more than 100%	

2.1.9 Common Facilities

All the common facilities in terms of physical infrastructure for the enterprises in Udyog Vihar are under the responsibility of HSIIDC. HSIIDC is responsible for supply and maintenance of facilities.

- **Water Supply:** The enterprises receive water supply as per their requirement twice in a day. All the enterprises have stated that they receive regular supply and more than 80% also seemed satisfied with the water supply.
- **Power Supply:** As per the Power supply department, Udyog Vihar gets an average supply of 22 hours per day throughout the year. However, the association informs us that there are regular power outages for at least 6 to 8 hours per day on an average. Due to this most of the enterprises have to make arrangements to have their own generators/

invertors. This not only means extra investment for the enterprises but also causes environmental pollution. The association suggests that an arrangement should be made where common generators are present for a group of industries which could be operated at the feeder itself. Whenever there is a power outage, the generator can be switched on. This may be a private initiative or a combined one.

- **Connectivity:** Udyog Vihar lies on NH2. It is very well connected to Delhi and most parts of NCR. The internal roads are in good shape at most of the places. However at certain junctions roads are broken and require maintenance. There is no common parking present for these industries in this location. Most of the cars and vehicles are parked on the roads due to which the ROW decreases. Though most of the loading and unloading is done during the night, congestion is found at times during the day.

A peculiar observation made during the visit to this industrial area was that during lunch time all the workers and employees flock the streets of Udyog Vihar where the street vendors have set up their stalls. This leads to congestion during these hours. A canteen needs to be set up in Udyog Vihar to prevent this.

Also being such a huge industrial area, there is no information centre/ skill upgradation or training centre present in this locality. The R&D centres and testing labs are also private initiatives that are present within each enterprise or are set up by private vendors. Government initiative needs to be present for a cluster of this size and importance.

2.1.10 Marketing

The first point of sale for all of the enterprises is within Delhi and NCR itself. The products are mainly manufactured for export purposes. The products are sold in Europe, the United States, Sri Lanka, Japan etc. However most of these products are bought by exporters/ export houses within Delhi or Gurgaon itself. These products are then tested for their quality, branded and then exported to various outlets all over the world. More than 85% of the enterprises sell their goods to wholesale traders, while 15% sell these directly to exporters.

Table 2.12: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	98.1
Exhibitions/ Melas	0
Association directory	1.9
Advertisements	1.9
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.13: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	20.8
Absence of Marketing know-how	0
No problems	79.2

Mode of marketing: While all the enterprises first depend on word of mouth, about 20% also use the association directory to advertise their products. Some also advertise their products through media.

2.1.11 Support Organisations

A number of associations are present in the Udyog Vihar industrial area. A number of exporters are also present. However, the secondary research suggests an absence of links between the various actors in the cluster. There needs to be a strong network formed between the various stakeholders for betterment of the cluster in various aspects.

The DIC also refuses to give any information on this cluster of other industries in Gurgaon. The DIC officials are generally uninterested in the welfare of the micro enterprise sector in Gurgaon. They have specifically mentioned that their work is only to register the enterprises that come to them. That apart, they are not concerned with any other facilities to do with them.

2.1.12 Evaluation of Govt. Schemes

Few enterprises are aware of the various schemes by various government departments for the benefits of the MSME sector.

2.1.13 SWOT Analysis


Strengths <ul style="list-style-type: none">– Raw material is sufficiently available.– There is a huge force of skilled workers in the market.	Opportunities <ul style="list-style-type: none">– Strong presence in the export market and increasing demand in the domestic market.
Weaknesses <ul style="list-style-type: none">– Enterprises are not able to avail credit due to lack of address proof.– Absence of common facilities like canteens in the vicinity.	Threats <ul style="list-style-type: none">– Power outages regularly all through the year leads to loss in production.– Lack of government initiative in providing common facilities in spite of a cluster of this size with high annual turnover.– High taxes to be paid for transporting material within NCR.

2.2 Undergarments Cluster, Shikarpur, District Bulandshahr

2.2.1 Cluster Fact Sheet:-

Shikarpur is a town in Bulandshahr district. A number of households in this town are extensively involved in the manufacturing of female undergarments. Around 100-150 units are present in this cluster that cater to the local markets in adjacent towns/ cities.

Though the DIC recognises this cluster- it has not yet been taken up for intervention. It is a natural cluster.

Table 2.14::Undergarments Cluster- Fact sheet		
Cluster Type	Natural Cluster	
Geographical Spread	Qutb Darwaza Mohalla, Ganj Shahadat; Shikarpur, Distt. Bulandshahr, Uttar Pradesh	
Rural/Urban	Urban	
Approx. No. of enterprises	>100	
Approx % of micro manufacturing enterprises	100%	
Nature of Manufacturing Activity	Mfg. of Readymade Garments	

2.2.2 Annual Turnover

Table 2.15: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
<1	3.8
1-2	32.1
2-3	56.6
3-4	7.5

More than 57% of the units have an annual turnover between ₹ 2 and 3 Lakhs. Almost 32% have a turnover ranging from ₹ 1 to 2 Lakhs per annum.

According to this information, an average turnover of about 2.5 Lakhs can be assumed per annum for the cluster. As per this the turnover of the cluster could be assumed to be approximately ₹ 2 -2.5 Crores.

2.2.3 Location Preference

Almost 95% of the units chose to locate their enterprise at their current location due to the availability of skilled labour and because it is near their residence. Basically these are household units that are operating within their residential premises itself. More than 55% also preferred this location due to the clustering of a number of similar units in the same locality or in vicinity. Some (> 35%) also pointed out to the availability of raw material as another location based advantage that they had.

Table 2.16: Location advantage*

Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	0
Connectivity	0
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	36.5
Proximity to market	5.8
Availability of skilled labour	94.2
Local tax incentives	0
Local wage levels	13.5
Close to residence	94.2
Cluster benefits	55.8
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Above 85% of the units were discontented with the poor lighting conditions in the units, where 85% rate it as 2 (very poor). 95% of the units said they were not happy with the lighting conditions in their units due to the problem of power cuts.
- Most units were moderately satisfied by the space available to them. Since they worked within their residences they seemed to be quite contented with their working conditions.
- 64% of the units were satisfied with the cleanliness and hygiene conditions in their respective units. They seemed to have no complains with the periodic cleaning.
- Almost 95% of the units affirmed the safety conditions in their cluster- major

crimes like theft were not frequent according to them.

2.2.4 Manpower Availability

According to the primary survey, manpower is easily available in this industry. More than 75% units did not face any problem in availing labour.

Table 2.17: Total employees

Employees on Payroll (In Nos)	Respondents (%)
0-5	86.8
6-10	11.3
11-15	0
>15	1.9
Total	100

- **Employee size:** 87% of the units have between 0-5 persons from the family engaged in this activity. Only about 11% have between more than 5 workers involved. However, commonly found in this cluster is the involvement of the family in the manufacturing process. These units are run by families within their residence.
- **Problems:** Similar to the problems faced by the zari cluster in Jahangirabad, this cluster too faces a shortage of funds in skill upgradation. Most units have admitted to facing a money related issues in case of skill upgradation.
- **Support:** More than 94% of the units believed that the government could provide them with support in order to upgrade their skills.

2.2.5 Raw Material Availability

This industry does not need any major raw material as such. The most important raw material that they would require is cloth.

- **Proximity:** Almost 60% of the units procure their raw material from within Shikarpur itself. About 20% also procure material from Delhi. Few procure it from Bulandshahr too.
- **Procurement:** While more than 35% procure the raw material from bulk suppliers, above 40% are able to procure it directly from traders. About 20% do it through agents.
- **Costs:** Almost 50% complain about the costs of raw material being high, more than 35% also feel that the cost in transporting the raw material is high. About 50% are troubled by the fluctuating costs of raw material.
- **Support:** Almost 98% of the units trusted the government organisations over associations and private institutions in providing help for procurement of raw material.

2.2.6 Finance/ Credit Availability

90.6% off the surveyed units (48 out of 53) had not availed any credit facilities.

- **Source:** Out of the 5 who had availed credit facilities, 4 (80%) had borrowed from banks under govt. schemes.
- **Problems:** About 60% complained of lengthy process of availing credit, approximately 45% were concerned about the time taken in sanction of loans and the requirement of an agent who charges high commission. Only about 15% were troubled by the higher interest rates.
- **Working Capital Loans:** Less than 2% admitted to having availed working capital loans.

The awareness in this cluster seems to be greater in comparison to the cluster at Jahangirabad, however the problem of agents or middlemen making money seems to be greater here too. In conversation with a few units at it was found that generally the banks do not entertain them on direct approach. Though the banks do not agree, this is a common problem in smaller towns of Uttar Pradesh.

Table 2.18: : Credit facilities	
	Respondents (%)
Availed Credit Facilities	9.4
Not availed Credit Facilities	90.6
Total	100

Table 2.19: : Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	13.2
Lengthy process	58.5
Untimely disbursement of funds	1.9
Unsuitable repayment schedules	0
Delay in sanction	43.4
Strict Eligibility Condition	0
Other problems	45.3

2.2.7 Technology Upgradation

About 85% of the units have felt the requirement of upgradation of technology.

Table 2.20: : Need for technology upgradation	
	Respondents (%)
Units who felt the need for technology upgradation	86.8
Units who did not feel the need for upgradation	13.2
Total	100

- **Need:** While 60% of the units wanted to upgrade the technology in order to reduce the waste of material, about 54% accredited this need to the upgradation done by their competitors. Around 20% felt this requirement for quality improvement purposes and to fulfil large

orders.

- **Problems in upgradation:** Almost 98% of the units have not upgraded their tools due to shortage of funds.
- **Support:** Almost 96% of the units believed that the government organisation could help them with technology upgradation..

2.2.8 Design and Development

The units claim to keep changing/upgrading their design every 6 months at the latest. About 70% agree to this. More than 50% of the units change the designs by themselves. About 45% of the units were

Table 2.21: : Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	98.1
Problems of R&M	0
Absence of Technical Know-how	0
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons	1.9

Table 2.22: : Need for upgradation	
Reason for need	Respondents (%)
Competitors	54.3
Reduction in waste	60.9
Cost ineffectiveness	0
Quality Improvement	17.4
Large Orders	21.7
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0

Table 2.23: : Upgradation of design	
Frequency of changing design	Respondents (%)
0-3 months	26.4
3-6 months	3.8
6-9 months	41.5
9-12 months	3.8
> 12 months	24.5
Total	100

given sample design by the purchaser who generally place bulk orders with them.

- **Need:** More than 85% of the units claim to change their design with respect to them changes in the market trends. About 20% do so as per the competitors. However, shortage of funds was the main problem that was brought to our notice by the units.

Table 2.24: Reasons for upgrading design	
Reason	Respondents (%)
Competitors	19.2
Changing Trends	3.8
Market demand	88.5
Low sales	1.9
Other reasons	0

- **Support:** 98% off these units changed this design by themselves.

2.2.9 Common Facilities

- **Water Supply:** Water is being supplied to these units by the state government on a regular basis for 2 hours daily. They have a domestic water connection as they require water only for drinking and other household purposes and not for industrial purposes. The units do not require them for industrial purposes but only for drinking purpose. Maximum are satisfied with the water being supplied.
- **Power Supply:** Power is being supplied in Bulandshahr district by the Uttar Pradesh Power Corporation Ltd. The power supply is contained to only 8 hours in a day which affects the water supply in return. On further enquiry the standard supply of power supply to villages in Uttar Pradesh was contained to a maximum of 8 hours a day. However, though Shikarpur is a town it still gets power supply as per this standard. The 8 hour supply is also not continuous and there are no fixed timings for power cuts.
- **Connectivity:** More than half of the units surveyed have criticized about the poor quality of roads. The approach road to the town is also completely broken and in very poor shape. The internal roads within the mohallas where these industries are situated are extremely narrow – vehicular movement is difficult. Also, the public transportation from Shikarpur is irregular or at long intervals.
- **Other facilities:** Production centre, warehouses, first aid centres or canteens are also not present in this area. Almost none of the units felt the requirement for these.

Table 2.25: Problems faced in upgrading design	
Problems	Respondents (%)
Shortage of funds	98.1
Absence of Design know-how	0
Resistance from labour	0
Other reasons	1.9
Total	100

Though the District Industries Centre recognises this industry as a cluster – but has come up with no interventions for this cluster.

2.2.10 Marketing

Table 2.26: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	26.4
Wholesale trader	71.7
Exporter	1.9
Industries	17
Govt. Authorities	0
Total	0

- **Market:** 50% of the units sell their products in the local markets of Shikarpur and Bulandshahr. About 20% of the enterprises sell their products to traders in Delhi also.
- **Consumers:** While more than 70% of the products are initially bought by wholesale traders, about 25% are sold to retailers. Industries also buy from about 15% of them.

Table 2.27: Modes of marketing	
Major means of marketing	Respondents (%)
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0

marketing their products.

On further discussion with the DIC on why these units are unable to capture larger markets we were informed that these units do not produce very high quality products. The products are meant for the local markets. There is no quality/ design upgradation centre which could certify these products or help them to better their products.

2.2.11 Support Organisations

Apart from the DIC there are no industrial associations or any other support group or body to support the development of this industry.

2.2.12 Evaluation of Govt. Schemes

None of the units were aware of any of the schemes that have been brought out by the government for their benefits. They have a constant complain of lack of awareness.

2.2.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> Family involvement in this industry. The units avail credit from banks. Availability of skilled labour. 	Opportunities <ul style="list-style-type: none"> Nearness to Delhi – the biggest market for finished goods in North Delhi. DIC recognises this industry as a cluster.
Weaknesses <ul style="list-style-type: none"> They are unable to capture the market independently mainly due to unawareness. Have to take an agent's help for availing credit. Poor power conditions. 	Threats <ul style="list-style-type: none"> The units face extreme shortage of funds a result of which they are unable to upgrade technology, skills, designs etc. Absence of any kind of support organisations.

Table 2.28: Problems faced in marketing	
Problems faced in marketing	Respondents (%)
Shortage of funds	84.9
Absence of Marketing know-how	0
Other reasons	15.1
Total	100

- **Mode of marketing:** Most of them depend upon the word of mouth for

2.3 Readymade Garments Cluster, East Delhi

2.3.1 Cluster Fact Sheet:-

Gandhi Nagar is one of the three sub divisions of the East Delhi district. Gandhi Nagar and Kailash Nagar that are a part of this sub division are famous for the Gandhi Nagar Market, a readymade garments market which is said to be the biggest for Readymade Garments across Asia. This market has evolved over a period of more than 25 years. This area is a mix of both manufacturers and traders of readymade garments. There are three major markets – Ram Nagar Market, Ashok Bazar and Subhash Road where a majority of the manufactured goods are sold. The raw material traders are also present in the same markets. The manufacturers are located in the interiors of the area in Ajit Nagar, Dharampura, Rughuvarpura, Jafrabad etc. There are in all more than 100000 such enterprises functional in this area. These enterprises generally do job work for traders. Every enterprise is involved in making wither the complete garment or may be an ancillary unit that makes parts like the collar/ does cutting for another manufacturing unit etc.

This industry has **not been declared as a cluster** though it does satisfy the MSME definition of a cluster.

Table 2.29: Readymade Garments Cluster Fact sheet	
Cluster Type	Natural
Geographical Spread	Gandhi Nagar, Kailash Nagar; East Delhi district.
Rural/Urban	Urban
Approx. No. of enterprises	>10000
Approx % of micro manufacturing enterprises	95%
Nature of Manufacturing Activity	Mfg. of Wearing Apparel

2.3.2 Annual Turnover

Table 2.30: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-3	26.8
3-5	43.3
5-7	17.5
7-9	10.4
>9	2.1
Not answered	0
Total	100

Out of the 97 surveyed enterprises, about 45% of the enterprises have a turnover ranging between ₹ 3 Lakhs to 5 Lakhs. Greater than 25% have a turnover between ₹ 1 Lakh to 3 Lakhs. Where almost 18% have a turnover between ₹ 5 and 7 Lakhs; about 10% have a turnover between ₹ 7 and 9 Lakhs.

The average turnover per unit in this cluster has come to be around ₹ 5 Lakhs. The association has confirmed that the annual turnover of the

cluster is approximately between ₹ 15 and 20 Lakhs.

2.3.3 Location Preference

Almost 90% of the enterprises have preferred this location for setting up of their enterprises due to the easy availability of raw material in this cluster. About 55% have also given credit to market proximity and availability of skilled labour in their cluster for preferring this location. About 25% have set up their enterprise here due to availability of infrastructure and nearness to their residence.

Table 2.31: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	22.7
Availability of physical infrastructure	23.7
Connectivity	13.4
Availability of industrial infrastructure	0
Availability of ancillary enterprises	2.1
Availability of raw material	89.7
Proximity to market	54.6
Availability of skilled labour	54.6
Local tax incentives	0
Local wage levels	0
Close to residence	27.8
Cluster benefits	13.4
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- More than 85% of the enterprises were highly satisfied with the lighting conditions in their enterprises. All the enterprises received power supply throughout the day.
- Even space wise more than 80% of the enterprises have rated it 4 or 5. They have informed us that they have enough space as required for their activity.
- Almost 70% of the enterprises are moderately to highly satisfied (rating – 3 to 5). About 33% of the enterprises said there was a need for more regular cleaning.
- Almost 75% of the enterprises seem to be satisfied with the safety conditions in their enterprises and the surrounding area.

However during the visit to this cluster, the condition of the area seemed extremely poor - the enterprises had built upon the drains which led to choking. Waste was also found accumulated at places.

2.3.4 Manpower Availability

Table 2.32: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	52.6
6-10	38.1
11-15	8.2
>15	1.0
Total	100.0

While almost 50% of the micro enterprises employ between 0 and 5 employees in their enterprise, about 40% have employed 6 to 10 workers in their enterprises. Only about 8% have 11 to 15 enterprises.

- **Problems:** Almost 45% of the enterprises face a shortage of funds in employing skilled labour or taking up skill upgradation. They

have complained that the skilled/ trained workers demand for high wages which they are unable to afford. About 25% have also complained about the high rate of attrition among the workers. The workers keep shifting from one enterprise to the other based on the wages offered by them.

2.3.5 Raw Material Availability

- **Proximity:** All the 97 enterprises that have been surveyed get their raw material from within Delhi itself. Almost 60% of the enterprises get their raw material from in and around Gandhi Nagar. The raw material required by these micro enterprises is fabric of different material and accessories that may include buttons, laces, zippers etc. All these are available at the wholesale market in Gandhi Nagar itself. The traders who place orders with these enterprises provide them with the required material.
- **Procurement:** Almost 80% complain of high cost of raw material during procurement. This could be because 55% procure their material from bulk suppliers and almost 24% procure from agents. Only about 20% procure the material directly.
- **Support:** While almost 58% of the micro enterprises trust the government organisations to help them procure raw material, almost 12% said that private institutions can help them to procure material. About 10% have said they trusted the industrial association to lend them support in procuring raw material.

2.3.6 Finance/ Credit Availability

Table 2.33: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	38.1
Lengthy process	4.1
Untimely disbursement of funds	1.0
Unsuitable repayment schedules	2.1
Delay in sanction	12.4
Strict Eligibility Condition	16.5
Other problems (Commission)	1.0
No problems	42.3
* This was a multiple answer question, the total may add up to more than 100%	

98% of the enterprises refused having availed any credit facilities. Out of the 2 who had availed, one had borrowed money from a private money lender whereas the other had availed credit from financial institution.

Problems: About 40% faced a problem of high rate of interest. 12% complained of time taken for sanctioning the loans whereas 16% complained of the strict eligibility conditions posed by the banks.

In a meeting with officials at SIDBI it was discovered that these enterprises could not avail credit as they could not produce

address proof. The reason for this being Gandhi Nagar as per the master plan comes under commercial and residential use. Industries are not permitted here. Though these are micro and household enterprises which are permitted here as per the MPD 2021, DDA has not yet given them the required permission/ license for running their enterprise here.

2.3.7 Technology Upgradation

Table 2.34: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	52.6
Enterprises who did not feel the need for upgradation	47.4
Total	100.0

- **Need:** About 50% of the enterprises have felt the need for upgrading the technology, whereas the remaining 50% do not feel such a requirement.
- Out of the positive responses, about 80% have attributed this need to the competition faced by them, whereas almost 40% felt this

requirement due to the availability of better technology. About 10% have credited this to reduction in wastage and requirement for quality improvement.

- **Problems in upgradation:** About 85% have blamed the shortage of funds for not upgrading to the latest technology available. More than 15% have also stated that the machines that are required by them are not available in the domestic market. The association also has confirmed that technology is not upgraded due to shortage of funds by most of the smaller enterprises. The bigger enterprises however keep upgrading their machines.

Table 2.36: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	80.4
Reduction in waste	9.8
Cost ineffectiveness	5.9
Quality Improvement	9.8
Large Orders	3.9
Pollution Control	5.9
Availability of Better Technology	37.3
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.35: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	84.4
Problems of R&M	3.1
Absence of Technical Know-how	6.3
Unavailability of domestic market	16.7
Unskilled labour	8.3
Resistance from labour	1.0
Already changed	2.1

The association has informed us that a number of Chinese machines and tools are available in the market that are inexpensive and uses the latest technology. However, the enterprises are not aware of these.

2.3.8 Design and Development

Table 2.37: Upgradation of design	
Frequency of changing design	% of enterprises
0-4 months	79.4
4-8months	15.5
8-12 months	2
12-16 months	1
> 16 months	1
Total	100

The success of the garment industry purely depends up on its orientation towards the changing in fashion trends. Almost 80% of the enterprises in Gandhi Nagar change their designs within a span of 4 years. About 15% change their designs within 8 months.

- **Need:** The need for frequent change in design has been attributed to their competitors by more than 690% of the

enterprises. Almost 95% change the design as per the current market demand. The enterprises collect samples from various traders and during the business development trips made by them all over the country and replicate these samples as per the orders placed with them.

- **Problems:** About 87% of the enterprises have said that the major problem faced by them during design upgradation is that of fund shortage. Less than 10% have pointed out to absence of know how being a problem in upgradation.

The association has informed us that the garment manufacturers are using Chinese material to accessorise their garments. Most of the designs that the enterprises come up based on the magazines that describe the current trends.

Table 2.38: Need for upgrading design *	
Reason	% of enterprises
Competitors	63.5
Changing Trends	30.2
Market demand	93.8
Low sales	1.0
Not required	0
* This was a multiple answer question, the total may add up to more than 100%	

do not require water supply for industrial purposes. The water thus supplied is as per domestic consumption. The only complaint that they enterprises seemed to have as stated by the association was that the supply water came in the morning for two hours, when the enterprises have not yet opened for the day. Due to this they face some water problems. This however was not such a major concern.

2.3.9 Common Facilities

- **Water Supply:** The enterprises in this area have agreed to water being supplied to the enterprises. Almost 70% of the enterprises have however stated that they

Table 2.39: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	87.5
Absence of design know-how	7.3
Resistance from labour	0
No problems	9.4
* This was a multiple answer question, the total may add up to more than 100%	

- **Power Supply:** Power supply has been privatised in Delhi. Since this privatisation, almost 90% have stated that they are quite satisfied with the power supply in their enterprise.
- **Connectivity:** More than 55% of the enterprises have complained of poor road conditions within the cluster. The internal roads were found to be extremely narrow. These roads can be traversed either on foot or by rickshaws. A four wheeler cannot enter these roads. Also these roads are broken at various places and the condition is very poor. These roads also get congested due to water logging during the rainy season.

The association stated that the main reason for the roads being in bad shape is the lack of coordination between the various departments.

- **Truck Parking:** Warehousing and truck parking facility is present in this market which is common to all enterprises. The enterprises carry the manufactured goods to these warehouses by rickshaws, two wheelers or carts during the day. In the evening, these goods are transported from the warehouses to various markets via trucks. These trucks have a parking space in the warehousing area.
- **Other Common Facilities:** The association and the enterprises have denied the presence of any kind of common facility in their cluster. There are no raw material banks or training centres or R&D centres in this cluster. Canteen and first aid facilities are also not available here.

The association has however made an arrangement for a gent's public toilet in this cluster.

2.3.10 Marketing

Table 2.40: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	21.9
Wholesale Trader	79.2
Exporter	2.1
Industries	2.1
Govt. Authorities	0
Others	1.0
* This was a multiple answer question, the total may add up to more than 100%	

The first point of sale for all of the enterprises is within Delhi itself. In Delhi also, more than 60% of the micro enterprises sell their products to traders within Gandhi Nagar itself. The market for the products is all over India and abroad.

- **Market:** Almost 80% of the enterprises sell their products to wholesale traders, about 20% sell these products to either retailers or retail consumers directly. A

few enterprises sell their products to export traders and tier II industries.

Table 2.41: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	97.9
Exhibitions/ Melas	2.1
Association directory	0
Advertisements	0
E-Commerce	1.0
Other	1.0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.42: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	22.8
Absence of Marketing know-how	0
No problems	77.2

- **Mode of marketing:** The major mode of marketing for more than 95% of the enterprises is through word of mouth. This market is famous for its readymade garments – it is known as Asia's biggest

garment market. A few also advertise their products on the internet and set up their stalls in exhibitions and melas.

- **Problems:** About 75% have denied facing any problems in marketing their products. About 25% who do face a problem is mainly due to financial constraints that they have.

The association informs us that most of the owners of the enterprises/ traders go to various markets all over India and exhibit their samples to various brands and traders and gain orders for the sale of their products. They then get these made either in their own enterprise or from enterprises who work on job work basis. It also has stated that though this micro industry does have a potential for export, it does not produce high quality products because of which they are unable to capture this market.

2.3.11 Support Organisations

There are in all three associations which are mainly traders associations in Gandhi Nagar. These are the, Ashok Gali Market Association, Ram Nagar Association, Subhash Road Whole Sale Market Association. However, these associations keep an account of the manufacturing enterprises too as they are an essential part of their trade. The associations help the enterprises solve sales and income tax related problems. They also liaise with the concerned government authority regarding the various problems faced by these enterprises. The association also petitions for development of infrastructure in this area.

2.3.12 Evaluation of Govt. Schemes

In this cluster, it was noted that few of the enterprises were aware of the government schemes. MSE-CDP, Baba Saheb Ambedkar Hastship Vikas Yojana, Prime Minister's Employment Generation Programme, Rural Employment Generation Program; were a few that they showed awareness for.

However, none of the enterprises admitted to taking any benefit under these schemes.

2.3.13 SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> – High Market demand. – They are also Asia's biggest readymade garment market. – Presence of warehousing and parking facilities. 	<p>Opportunities</p> <ul style="list-style-type: none"> – Availability of new technology like Chinese machine tools at lower costs. – Presence of strong industrial associations.
<p>Weaknesses</p> <ul style="list-style-type: none"> – Unavailability of credit facilities because of lack of address proof and non availability of license from DDA even though these industries are allowed as per the MPD 2021. – Non awareness about the latest available technology. 	<p>Threats</p> <ul style="list-style-type: none"> – Lack of funds for upgradation of technology, marketing and skill upgradation. – The units are hesitant of upgrading the skills of the workers due to high levels of attrition and due to higher wages demanded by them.

2.4 Readymade Garment Cluster, Okhla

2.4.1 Cluster Fact Sheet:-

The Readymade Garment manufacturing industry in India is located in various cities of India. However, there is a little difference between the products manufactured at Delhi and other places. The products manufactured in the Okhla Industrial Areas are mainly for the export purpose. Though the technology used is the same as other regions, the garments manufactured here are as per the demand of the foreign users.

Though these enterprises are located in a number of adjacent areas too, this area has been separately for the purpose of this study as these enterprises lie in the regularised industrial area, whereas those in Govindpuri, Tuglakhabad have been considered separately. The reason for this is that the needs of each of these vary.

This industry has **been declared as a cluster under the MoMSME** and has been taken up for intervention by the MSME-DI. The following table provides the basic facts of this cluster.

Table 2.43: Readymade Garments Cluster- Fact sheet	
Cluster Type	Natural
Geographical Spread	Okhla Industrial Area, Phase I & II
Rural/Urban	Urban
Approx. No. of enterprises	>50
Approx % of micro manufacturing enterprises	80%
Nature of Manufacturing Activity	Mfg. of Wearing Apparel



2.4.2 Annual Turnover

Table 2.44: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
< 4	1.9
4-5	16.7
5-6	27.8
6-7	37
7-8	11.1
8-9	1.9
> 9	3.7
Total	100

Almost 50% of the manufacturing enterprises in this area had a turnover between ₹ 6 Lakhs and 8 Lakhs. Majority of the remaining enterprises (>45%) admitted to having an annual turnover of between ₹ 4 Lakhs and 6 Lakhs.

The approximate annual turnover per enterprise has been calculated to be about ₹ 6.75 Lakhs.

2.4.3 Location Preference

As per the secondary research, it has been inferred that the emergence of this industry at Okhla was not induced. When the industrial area was developed a number of entrepreneurs started manufacturing and exporting garments from this location.

From the primary survey it has been found that, while almost all the enterprises preferred

Table 2.45: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	77.4
Availability of physical infrastructure	0
Connectivity	0
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	3.8
Proximity to market	100
Availability of skilled labour	77.4
Local tax incentives	0
Local wage levels	0
Close to residence	9.4
Cluster benefits	32.1
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

this location due to its proximity to the market. More than 75% of the enterprises have also given the reason for setting up their enterprise at the current location due to the availability of industrial sheds and the availability of skilled labour. More than 30% also gave credit to the cluster benefits that they receive in Okhla Industrial Area.

From this survey, we can conclude that proximity to market, accessibility of industrial sheds and easy availability of skilled labour are the prime three reasons for the growth of the cluster at this location.

- Around 90% of the enterprises were highly satisfied with the lighting conditions in their enterprises. The enterprises receive power supply throughout the day – they have an industrial feeder designated to them. Since

the privatisation of electricity supply in Delhi power supply has not posed many problems to this cluster. Most enterprises are also well lighted in terms of natural lighting and ventilation.

- While more than 40% are highly satisfied with the space conditions in their enterprise, around 39% seemed to be moderately satisfied. The reason for dissatisfaction could be because; these are a part of Sanjay Colony where smaller enterprises are located within a JJ Cluster.
- More than 60% of the enterprises have rated the hygiene conditions in and around their enterprises as 2 (on a scale of 1 to 5). They consider the periodic cleaning that is supposed to be taken up by MCD is absent.
- More than 60% of the enterprises were also not satisfied with the safety conditions in this location. Their main apprehension, as found during stakeholder discussions, being the large number of encroachments that have come up within the industrial area and on the back lying areas of Okhla.

2.4.4 Manpower Availability

Table 2.46: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	57.4
6-10	20.4
11-15	1.9
>15	20.4
Total	100

Around 60% of the enterprises have employed between 0 to 5 workers, and around 10% have around 6 to 10 workers. The bigger manufacturing enterprises have more than 15 workers (20%).

- **Problems:** Majority of the enterprises (> 70%) have denied having any problems regarding manpower – skilled or unskilled.

However, about 11% have mentioned that they face a problem of high attrition rate amongst the workers and the absence of training institutes/ courses for skill upgradation in their workers.

As per secondary research it has been found that a majority of the enterprises are family owned where the family members have taken up various responsibilities in the enterprises. Skilled labour is also easily available locally. The skilled workers are those who work under a contractor who trains them.

2.4.5 Raw Material Availability

- **Proximity:** More than 60% of the enterprises have disclosed the source of their raw material to be Gandhi Nagar, East District; Delhi. About 10% have also said that they get their raw material from Old Delhi – Chandni Chowk area mainly.
- **Costs:** Almost 75% of the enterprises have stated that they face a problem of high transportation costs in procuring raw material. About 60% have mentioned that the cost of raw material is also high.

From secondary research and discussion with stakeholders it was found that almost all the enterprises get their raw material from within Delhi itself. The two major locations for procuring raw material is the Chandni Chowk area in the walled city of Delhi and the East Delhi (Gandhi Nagar, Seelampur, Pusta, etc.) Also the enterprises procure the material directly and procure material in bulk as per the order placed with them.

It was also established that the processing of the raw material also takes place in Delhi itself. These processing enterprises were previously present within the Okhla Industrial area itself, but due to the pollution being caused by them, they shifted to other parts of Delhi and NCR.

2.4.6 Finance/ Credit Availability

Table 2.47:: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	44.4
Lengthy process	75.9
Untimely disbursement of funds	3.7
Unsuitable repayment schedules	0
Delay in sanction	20.4
Strict Eligibility Condition	59.3
Other problems (Commission)	0
No problems	0
Not answered	0
* This was a multiple answer question, the total may add up to more than 100%	

More than 80% of the enterprises refused to have availed any loans/ credit facilities. Among those who had availed loans, almost 90% had done so from private money lenders. Very few had taken loan from banks under government schemes.

Problems: Where almost 75% blamed the lengthy process of availing loan for not doing so, about 60% also said that the financial institutions take a long time in sanctioning these loans. About 45% were also distressed about the higher interest rates that they had to bear.

According to discussions with the concerned stakeholders, the enterprises did not face many problems in availing credit. Finance is available from the banks situated within the cluster. The enterprises are also able to provide correct information regarding their balance sheets. However, the rates of interest charged by the banks are high.

2.4.7 Technology Upgradation

Table 2.48: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	44.4
Enterprises who did not feel the need for upgradation	55.6
Total	100

(41.7%).

The reason for majority of the enterprises not acknowledging the need could be because the MSME-DI has taken up this cluster for intervention. They have initiated workshops and seminars in their premises for this purpose. However, the institute informs us that these were not well attended.

- **Problems in upgradation:** Almost 85% of the enterprises had not upgraded the technology due to shortage of funds. Where more than 10% of the enterprises also blamed the absence of technical know-how for not upgrading technology, a few also said they had not upgraded technology due to lack of skilled labour who know how to use the latest technology.

In discussion with the association, it was revealed that the enterprises are unable to upgrade technology due to unavailability of loans at lower interest rates. This has led to severe competition from the foreign manufacturers.

Table 2.50: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	66.7
Reduction in waste	0
Cost ineffectiveness	0
Quality Improvement	0
Large Orders	41.7
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.49: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	85.2
Problems of R&M	0
Absence of Technical Know-how	13
Unavailability of domestic market	3.7
Unskilled labour	5.6
Resistance from labour	1.9
Other Reasons (Did not face problem)	0

2.4.8 Design and Development

Table 2.51: Upgradation of design	
Frequency of changing design	% of enterprises
1-3 months	88.9
3-5 months	1.9
5-7 months	7.4
> 7 months	1.9
Total	100

The textile industry works on changing design and these enterprises are ancillary to the garments industry; almost 90% of the enterprises change their designs in less than 3 months time. The designs are changed by more than 60% of them as per the samples given to them by the purchaser. The rest of the enterprises design their products by themselves.

- **Need:** Where greater than 98% of the enterprises feel the requirement for better designs due to the increasing competition, about the same number also acknowledge the changing market trends. Very few stated that they changed designs due to lower sales.
- **Problems:** Almost 60% of the enterprises have not been able to or face constraints in changing designs due to shortage of funds.

Table 2.53: Need for upgrading design *	
Reason	% of enterprises
Competitors	5.7
Changing Trends	7.5
Market demand	98.1
Low sales	0
Not required	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.52: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	81.1
Absence of design know-how	5.7
Resistance from labour	11.3
No problems	5.7
* This was a multiple answer question, the total may add up to more than 100%	

2.4.9 Common Facilities

- **Water Supply:** The enterprises are also unable to receive water supply. They have made private arrangements for water supply. These enterprises have Jal Board connections but do not get water supply. The reason being the tapping of water by the encroachments on the back lying area of Okhla.

On discussion with the Jal Board it has come forward that they are unable to sort out this problem as the local political leaders are in support of the encroachers for the purpose of votes.

- **Power Supply:** The position of electricity has improved in the past few years after the privatisation of the electricity supply.
- **Effluent Treatment:** A Centralised Effluent Treatment plant is present in Okhla meant for treatment of the waste from all the enterprises. However, it is also not in working conditions.
- **Connectivity:** The main highway connecting the Okhla Industrial Areas is in good condition. However the internal roads are in very poor conditions. The roads and the land meant for public facilities have been encroached by a number of people who run their business there. The international clients are wary of visiting these enterprises due to the poor conditions which affects the market.

The drains are also permanently choked and are not cleaned on a timely basis. This leads to water logging on the roads and congestion in succession.

The collective complaint of the enterprises was that the local authority collects taxes from the entrepreneurs but are not taking the required action for the maintenance of the physical infrastructure. The association is working towards solving this problem. It has been rallying with different concerned departments for solving these problems but till now to no avail.

Truck Parking, warehouses and R&D facilities are present within the cluster but these are privately owned and are present within the enterprises. Though, there are number of Technical Training Institutes, Testing Laboratories are working in Delhi for development of Readymade Garments, common facilities are absent in this area even though it is such a large cluster in this locality.

2.4.10 Marketing

The first point of sale for all of the enterprises is within Delhi itself. The products are mainly manufactured for export purposes. The purchasers place their order with these enterprises and get the products collected from Okhla itself.

- **Market:** The major buyers from these enterprises are the wholesale traders or the exporters. The products from this cluster are exported to countries all over the world like, USA, Germany, France, Italy, United Kingdom, Ireland, Greece, Spain, Canada etc. Most of the export is done through the export houses present within the cluster.

Table 2.54: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	98.1
Exhibitions/ Melas	0
Association directory	1.9
Advertisements	1.9
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.55: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	20.8
Absence of Marketing know-how	0
No problems	79.2

- **Mode of marketing:** While all the enterprises first depend on word of mouth, few also advertise their products. Almost 80% of the enterprises do not

face any major problems in marketing their products where about 20% of the enterprises face a shortage of funds.

These export houses themselves manufacture the goods and also place orders with other manufacturers on job work basis. On probing the exporters revealed the major problem regarding market to be the absence of awareness of Okhla in the international market. They felt a need for branding the products manufactured in Okhla.

Another issue they pointed out was the poor infrastructure condition in Okhla, especially related to poor roads and the unclean surroundings due to which international clients hesitate to come here – which entails in a loss of business.

Also there are no convention centres/ conference halls etc present in the cluster due to which holding meetings with a number of exporters/ potential clients poses a problem to the enterprises.

From the secondary research it has been found that the bargaining power of the customers is very high due to the large number of enterprises present who can produce similar quality of products.

2.4.11 Support Organisations

A number of associations are present in the Okhla industrial area. A number of exporters are also present. However, the secondary research suggests an absence of links between the various actors in the cluster. There needs to be a strong network formed between the various stakeholders for betterment of the cluster in various aspects.

2.4.12 Evaluation of Govt. Schemes

Few enterprises are aware of the various schemes by various government departments for the benefits of the MSME sector.

2.4.13 SWOT Analysis

Strengths <ul style="list-style-type: none">– Strong presence in the export market and increasing demand in the domestic market.– Raw material is sufficiently available.– There is a huge force of skilled workers in the market.	Opportunities <ul style="list-style-type: none">– The ongoing cluster development programme initiated by MSME-DI
Weaknesses <ul style="list-style-type: none">– Traditional methods of production-technology upgradation is not being given much importance.– Enterprises are not able to avail credit due to high rates of interest.	Threats <ul style="list-style-type: none">– Competition from the international manufacturers.– Poor infrastructure conditions lead to lack of client visits and subsequent loss of market.


2.5 Readymade Garment Cluster, Govindpuri

2.5.1 Cluster Fact Sheet:-

The Garment manufacturing industry is a prominent manufacturing sector in India. Delhi and NCR are known for the garments manufactured for export purposes. Okhla, in Delhi, Gurgaon and NOIDA are the main centres where these export manufacturers are located. Though many of these exporters manufacture garments too, they also engage smaller ancillary enterprises to do job work for them. A number of these job work enterprises are found at Govindpuri- Tughlakhabad locality in South District of Delhi.

These enterprises located at Govindpuri and adjacent areas are non – regularised enterprises. They mainly cater to the exporters and the local traders and local markets.

This industry has is **not a cluster declared under the MoMSME**. The following table provides the basic facts of this cluster.

Table 2.56: Readymade Garments Cluster- Fact sheet		
Cluster Type	Natural	
Geographical Spread	Govindpuri and adjacent areas.	
Rural/Urban	Urban	
Approx. No. of enterprises	>50	
Approx % of micro manufacturing enterprises	80%	
Nature of Manufacturing Activity	Mfg. of Wearing Apparel	

2.5.2 Annual Turnover

Table 2.57: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
< 1	1.9
1-3	61.1
3-5	22.2
5-7	5.6
7-9	5.6
>9	3.7
Total	100

Greater than 60% of the enterprises at Govindpuri have indicated an annual turnover ranging between ₹ 1 and 3 Lakhs. About 20% of the enterprises have a turnover of ₹ 3 Lakhs and 5 Lakhs. About 10% of the enterprises have an annual turnover ranging between ₹ 5 and 9 Lakhs.

Calculations have shown that the average annual turnover per enterprise in this cluster would be approximately ₹ 4 Lakhs.

2.5.3 Location Preference

Table 2.58: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	1.9
Connectivity	1.9
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	37
Proximity to market	81.5
Availability of skilled labour	61.1
Local tax incentives	0
Local wage levels	7.4
Close to residence	33.3
Cluster benefits	74.1
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

The primary survey suggests that the prime reason for the enterprises setting up base here is the proximity to the market. About 81% have indicated this as their reason. This seems to be true too as majority of the exporters have their base at Okhla which is within a 2 km radius from Govindpuri. About 75% have also chosen to locate their enterprise here due to the benefits that they gain by being near similar industries. More than 60% have also stated that the availability of skilled labour is advantage they gain at this location. Around 35% give credit to availability of raw material and nearness to their residence.

It can be concluded that proximity to market, availability of cluster benefits and easy availability of skilled labour are the three primary reasons for the growth of the cluster at this location.

- Greater than 90% of the enterprises were satisfied with the lighting conditions in their enterprises. All the enterprises received power supply throughout the day. However, during a visit to this cluster it was noticed that though these enterprises do receive power supply, the natural light and ventilation availability here is very low. The structures are not more than 2 mts. apart from each other.
- With respect to availability of space within the enterprise, more than 75% seem to be satisfied with the conditions. These enterprises are running within the household itself. The workers are however satisfied with their work space.
- Greater than 40% have indicated dissatisfaction with the hygiene conditions in this locality. They feel that periodic cleaning is absent by the concerned department of the Municipal Corporation.

In discussion with SIDBI, it has come out that in spite of these industries being allowed in the household category, DDA has not yet given them the license to run their enterprise in the present location. Due to this, the enterprises are moving away from Govindpuri and are shifting to different parts of Delhi and NCR where favourable conditions are present.

- Almost 80% of the enterprises do not have any complains regarding the safety conditions here. They have stated that very rarely any reports have been filed from this cluster against theft or similar crimes.

2.5.4 Manpower Availability

Table 2.59: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	37
6-10	33.3
11-15	18.5
>15	11.1
Total	100

While greater than 35% of the micro enterprises employ between 0 and 5 employees in their enterprise, about another 35% have employed between 6 to 10 workers in their enterprises.

The enterprises employ workers as per the requirement at any specific time as per the orders placed with them. The workers also

keep drifting from one enterprise to the other. There has been a mixed response on the availability of employees in the market. While some have indicated the dearth, an equal number have been positive about their reply. More than half the enterprises face a problem non availability of skilled manpower in the market.

- **Problems:** Approximately 50% of the enterprises have stated that they face a shortage of funds in employing skilled workers in their enterprise, while a few indicated that the high rate of attrition amongst workers troubled them. Some have also said that there is an unavailability of training institutes for upgradation of the skills.

However, a number of skill improvement programmes are held at the MSME DI and ITI that are located very close to Govindpuri. This indicates their lack of awareness and interest in skill upgradation.

2.5.5 Raw Material Availability

- **Proximity:** While almost 95% procure their material from Delhi, the remaining 5% also get raw material from Gurgaon or Faridabad. About 40% have stated that they buy their raw material from Okhla or Govindpuri area.
- **Source:** Almost 65% of the enterprises procure the material directly. The remaining 35% however rely on the bulk suppliers for their material.
- **Costs:** Almost 90% of the enterprises have stated that they face a problem of high costs of procuring raw material and about 15% face the problem high transportation costs. About 10% also indicated that the duties and taxes that they had to pay in order to procure material was another problem faced by them.
- **Support:** Where around 50% depend on the government to provide them with support in procuring raw material, few also depended on private bodies. About 40% did not know whom to trust in this process.

From secondary research and discussion with stakeholders it was found that almost all the enterprises get their raw material from within Delhi itself. Also the enterprises procure the material directly or in bulk depending on the order.

2.5.6 Finance/ Credit Availability

Table 2.60: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	55.6
Lengthy process	9.3
Untimely disbursement of funds	1.9
Unsuitable repayment schedules	0
Delay in sanction	3.7
Strict Eligibility Condition	1.9
Other problems (Commission)	0
No problems	42.6
* This was a multiple answer question, the total may add up to more than 100%	

About 80% of the enterprises had not availed any credit related facilities, while about 20% admitted to having borrowed money. Out of these, more than 70% had borrowed from private sources.

Problems: While 55% almost had a problem with the high rates of interest charges by the agencies, a few also mentioned that the lengthy process and the time taken for sanctioning of loan as an obstacle faced by them in procuring credit facilities.

On holding discussions with SIDBI it was establish that these enterprises face a problem in availing credit as they are unable to produce an address proof. Though these industries are allowed in the household category, DDA has not yet given them the license to run their enterprise in the present location.

SIDBI has also pointed out that the enterprises are unaware of the available credit facilities due to their lack of attendance and ignorant nature towards the number of awareness and training programmes held by various institutes.

2.5.7 Technology Upgradation

Table 2.61: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	61.1
Enterprises who did not feel the need for upgradation	38.9
Total	100

About 60% of the enterprises have felt the requirement for technology upgradation in this cluster, the remaining 40% do not feel this requirement.

- **Need:** While almost 70% have felt this requirement due to the competition being faced by these from similar such enterprises. About 25% have felt the need due to the availability of better technology in this market. About 12% of the enterprises have also felt this requirement due their need for reduction in waste and the large orders being placed with them.
- **Problems in upgradation:** Almost 85% of the enterprises had not upgraded the technology due to shortage of funds. Where more than 10% of the enterprises also

blamed the absence of technical know-how for not upgrading technology, a few also said they had not upgraded technology due to lack of skilled labour who know how to use the latest technology.

The majority of the enterprises seem to be unaware of the latest Chinese technology that is available in the market which is inexpensive.

The enterprises also revealed that they are unable to upgrade technology due to unavailability of loan facilities.

2.5.8 Design and Development

The readymade garment industry works on the ever changing designs. Almost 70% of the enterprises change their designs in less than 3 months time. Most of the remaining do so within 6 months. These enterprises produce garments as per the samples given to them by the traders. The enterprises are not restricted to manufacturing any specific

Table 2.63: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	69.7
Reduction in waste	12.1
Cost ineffectiveness	6.1
Quality Improvement	3
Large Orders	12.1
Pollution Control	6.1
Availability of Better Technology	24.2
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.64: Upgradation of design	
Frequency of changing design	% of enterprises
1-3 months	68.5
3-5 months	5.6
5-7 months	22.2
> 7 months	3.7
Total	100

Table 2.62: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	83.3
Problems of R&M	20.4
Absence of Technical Know-how	7.4
Unavailability of domestic market	3.7
Unskilled labour	7.4
Resistance from labour	0
Other Reasons (Did not face problem)	7.4

garment. The enterprises may manufacture uniforms, pants, shirts, kids clothes as per the order placed with them.

- **Need:** Where greater than 98% of the enterprises feel the requirement to keep changing the designs as per the market demand, more than 60% of the enterprises change their design based on the competition.
- **Problems:** Almost 75% of the enterprises have not been able to or face constraints in changing designs due to shortage of funds. About 25% also face a resistance from the labour employed with them. Less than 10% have indicated the absence of design know how to be an obstacle in coming up with better designs.

Table 2.65: Need for upgrading design *	
Reason	% of enterprises
Competitors	63
Changing Trends	1.9
Market demand	98.1
Low sales	1.9
Not required	0
* This was a multiple answer question, the total may add up to more than 100%	

- **Power Supply:** The position of electricity has improved in the past few years after the privatisation of the electricity supply.
- **Connectivity:** The main highway connecting the Govindpuri is in good condition. However the internal roads are in extremely poor condition. The ROW of the internal roads is not more than 2 mts. in most of the locations. These roads can be traversed only on foot or by two wheelers. The drainage system running along the internal roads is an open system and chokes at times when solid waste gets accumulated here. During the rainy season, it is very common to find water logged on these roads.
- **Parking and Warehousing:** Neither a space for parking nor warehouses are present in this cluster. These enterprises transport their goods on rickshaws or two wheelers to the main roads where the trucks/ tempos park and load or unload the goods.

2.5.10 Marketing

The first point of sale for all of the enterprises is within Delhi itself. The products are mainly manufactured here on a job work basis for the traders or for exporters. The purchasers place their order with these enterprises and get the products collected. They may even give them some advance for this work in order to procure material etc.

Table 2.67: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	98.1
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	1.9
Other	1.9
* This was a multiple answer question, the total may add up to more than 100%	

2.5.9 Common Facilities

- **Water Supply:** The enterprises have admitted to the availability of water supply in their cluster. Most of the enterprises are also satisfied with the supply conditions.

Table 2.66: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	75.5
Absence of design know-how	7.5
Resistance from labour	26.4
No problems	1.9
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.68: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	5.7
Absence of Marketing know-how	1.9
No problems	92.5

- **Market:** The major buyers from these enterprises are the wholesale traders or the industries. More than 50% of the enterprises sell their products to wholesale

traders while greater than 40% sell their products to industries which assemble, finish, check the quality and brand the products for further sale.

- **Mode of marketing:** Almost 98% of the enterprises depend on the spreading of the word for marketing their products.
- **Problem:** While more than 90% have refused having any marketing related problems, few have mentioned that the shortage of funds is the main problem faced by them.

2.5.11 Support Organisations

There is no support organisation present in Govindpuri. There is neither a manufacturers association nor a traders association. Exporters or NGOs are also absent in this area.

2.5.12 Evaluation of Govt. Schemes

Few or no enterprises are aware of the various schemes by various government departments for the benefits of the MSME sector.

2.5.13 SWOT Analysis


Strengths <ul style="list-style-type: none">– Availability of a large market in the vicinity – Okhla Industrial Area.	Opportunities <ul style="list-style-type: none">– Availability of new technology like Chinese machine tools at lower costs.
Weaknesses <ul style="list-style-type: none">– Unavailability of credit facilities because of lack of address proof and non-availability of license from DDA even though these industries are allowed as per the MPD 2021.– Unavailability of loan facilities for up gradation of technology.	Threats <ul style="list-style-type: none">– Non awareness about the latest available technology.– Unawareness regarding government schemes and the various benefits available under them because they do not attend the various seminars/ workshops organised.– The skill improvement programmes held at ITI and MSME DIs are poorly attended.

2.6 Textile Finishing Cluster, East Delhi

2.6.1 Cluster Fact Sheet:-

Seelampur, near Shahadra, is a part of the Eastern District of NCT of Delhi. This district is famous for its textile industry, be it handloom, textile finishing or manufacturing of readymade garments. Seelampur has a number of textile finishing enterprises. These enterprises are involved with the finishing of textile products performing activities like dyeing. Some enterprises may also be involved in production of readymade garments or job work for the garments industry present in the adjacent localities.

This industry has **not been declared as a cluster** though it does satisfy the MSME definition of a cluster.

Table 2.69: Readymade Garments Cluster- Fact sheet		
Cluster Type	Natural Cluster	
Geographical Spread	Seelampur	
Rural/Urban	Urban	
Approx. No. of enterprises	>50	
Approx % of micro manufacturing enterprises	95%	
Sample size	53	
Nature of Manufacturing Activity	Manufacture of Textiles, Finishing of textiles. (NIC Code -16)	

2.6.2 Annual Turnover

Table 2.70: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-2	11.3
2-3	60.4
3-4	24.5
Not answered	3.8
Total	100.0

Above 70% of the enterprises have a turnover higher than ₹ 1 Lakh. 32.1% have their turnover between ₹ 2 – 3 Lakhs. The average turnover per enterprise can be safely considered to be around ₹ 3 Lakhs – which would imply that the annual turnover of the cluster could be safely assumed to be between ₹ 10 -12 Crores.

2.6.3 Location Preference

Almost 83% of the enterprises have preferred this location for setting up of their enterprises due to the cluster benefits that they gain. By cluster benefits what they mean is the presence of ancillary enterprises and the garment industry for which they do job work to be in the close vicinity. Due to this both their raw material procurement and the sale of finished goods happen near their manufacturing location. 81% also said that the second priority for their

location was the nearness to their residence. More than 45% have admitted to the close proximity of the market and the availability of skilled labour too.

- More than 90% of the enterprises were highly satisfied with the lighting conditions in their enterprises. All the enterprises received power supply throughout the day. The enterprises also conceded that in case of power cuts they were scheduled or informed in advance most of the time. This change has been brought about by the privatisation of power supply.

Table 2.71: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	0
Connectivity	7.5
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	37.7
Proximity to market	45.3
Availability of skilled labour	45.3
Local tax incentives	0
Local wage levels	0
Close to residence	81.1
Cluster benefits	83
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Even space wise more than 90% of the enterprises have rated it 4 or 5 – they have enough space available- as much as required for their enterprises to run.
- Almost 60% of the enterprises are only moderately satisfied (rating – 3 on 5). Their major issue being that periodic cleaning is absent. The MCD is responsible for this aspect.
- Almost 98% of the enterprises seem to be satisfied with the safety conditions in their enterprises and the surrounding area.

2.6.4 Manpower Availability

Table 2.72: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	75.5
6-10	20.8
11-15	3.8
>15	0
Total	100

75% of the enterprises employ from between 0 to 5 workers in their enterprises. Only about 20% of the enterprises employ between 6 -10 workers. The number of workers keeps varying on the basis of the amount of work the enterprise has at any time and their wage levels.

enterprises agree to skilled workers being available in the market, almost 85% of the enterprises have admitted to having faced a major problem of shortage of funds in employing skilled labour or in upgradation of the skills of the workers. A few also said that they face a problem of non availability of the required course for upgrading the skills as to being a deterrent in this.

2.6.5 Raw Material Availability

- Proximity:** The enterprises procure their raw materials from Delhi. Most of the raw material is available to the enterprises within east district itself. That apart, they get

material from Chandni Chowk or other parts of the walled city of Delhi. 100% of the enterprises have stated that they get their raw materials from within Delhi itself.

- **Procurement:** Where almost 55% of the enterprises source their raw materials through agents who are responsible for procuring raw material from the tier 2 industries and supplying them to these ancillary enterprises. Around 40% of the enterprises procure their raw material directly.
- **Costs:** Almost 95% of the enterprises face a problem of high costs for the raw material procured; around 88% also stated that the costs kept fluctuating which posed a major problem. Around 15% also pointed out to the high transportation costs being a problem.

2.6.6 Finance/ Credit Availability

Table 2.73 : Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	5.7
Lengthy process	47.2
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	28.3
Strict Eligibility Condition	1.9
Other problems (Commission)	17
No problems	24.5
Not answered	3.8
* This was a multiple answer question, the total may add up to more than 100%	

96% of the enterprises denied having taken any loans for their business purposes. About 2 enterprises that had taken loans as per the primary survey, had done so through private money lenders.

Problems: 47.2% did not take any bank loans due to the lengthy procedure to take loans. Almost 30% informed us that another major problem faced by them in availing credit was the delay in sanctions caused by the banks.

The enterprises informed us that the major problem faced by them was that the banks had a minimum processing time of at least 3 months – whereas the loans required by them were an immediate requirement.

2.6.7 Technology Upgradation

Table 2.74: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	100
Enterprises who did not feel the need for upgradation	0
Total	100

technology.

- **Need:** All the 53 surveyed enterprises felt the requirement of upgrading their machine tool, of which almost 92% felt so in order to reduce the waste produced during the manufacturing process. About 15% also accredited this need to their competitors. About 10% also wanted to improve the quality of the products by upgrading the
- **Problems in upgradation:** The only major problem that the enterprises seemed to be facing was the shortage of funds in upgrading their tools/ machinery.

Table 2.76: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	15.4
Reduction in waste	92.3
Cost ineffectiveness	1.9
Quality Improvement	11.5
Large Orders	3.8
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.75: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	94.3
Problems of R&M	1.9
Absence of Technical Know-how	0
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons (Did not face problem)	5.7

2.6.8 Design and Development

Table 2.77: Upgradation of design	
Frequency of changing design	% of enterprises
1-3 months	94.3
3-5 months	3.8
5-7 months	1.9
Total	100

The textile industry works on changing design and these enterprises are ancillary to the garments industry; more than 90% of the enterprises change their designs in less than 3 months time. The designs are changed by more than 70% of them as per the order placed with them by the tier 2 industries that provide them with samples.

- **Need:** Where greater than 98% of the enterprises do so as per the market demand, only 5.7% of the enterprises do so as per the competition faced from the other enterprises. Around 10% of the enterprises also do so based on the changing trends.
- **Problems:** While above 80% of the enterprises have not been able to adopt better designs due to shortage of funds about 10% have also faced resistance from their workers. A few also blame the absence of design know-how for not being able to adopt better designs.

Table 2.78: Need for upgrading design *	
Reason	% of enterprises
Competitors	5.7
Changing Trends	7.5
Market demand	98.1
Low sales	0
Not required	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.79: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	81.1
Absence of design know-how	5.7
Resistance from labour	11.3
No problems	5.7
* This was a multiple answer question, the total may add up to more than 100%	

2.6.9 Common Facilities

- **Water Supply:** As per the information received during the primary survey all the have shown contentedness with the water supplied to them. They receive water supply twice a day as per schedule. Some enterprises need high quantities of water as they are involved in dyeing and finishing of textiles. However in case of shortage they make their own arrangement for water as they have not availed commercial connections and only domestic one. They also agree that the quality of the water supplied is satisfactory.
- **Power Supply:** Since the time power supply was privatised in Delhi the enterprises have not been facing any problem regarding electricity supply. However, it is quite noticeable that a number of these enterprises have taken domestic connections but are using the supply for industrial purposes. Thieving of electricity has also been observed at some places.
- **Effluent Treatment:** An effluent treatment plant is absent in this locality. More than 60% have said so, where as the other s are not aware of any such treatment plant. However, the manufacturing process is such that it gives out effluents in large quantities – these effluents are directly let out into the open drains running along the roads causing high levels of pollution.
- **Connectivity:** Almost 65% of the enterprises are dissatisfied with the condition of the road network. The chief complain that they have is the traffic congestion. Around 25% have also pointed out to the poor cleanliness conditions on the road. The localities do have Dhalaos, however the garbage is dumped outside the dhalaos.

All common facilities are absent within the cluster. There are no warehouses, truck parking or productions centres or first aid centres etc. Neither are there any training centres nor design or technology upgradation centres.

2.6.10 Marketing

Table 2.80: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	1.9
Wholesale Trader	100
Exporter	0
Industries	0
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

The first point of sale for all of the enterprises is within Delhi itself. The market for the products is all over India.

- **Market:** 100% of the enterprises sell their products to wholesale traders, hardly a few sell their manufactured products to retail consumers. While there is a huge export market for the products less than 10% are directly linked with exporters.

Table 2.81: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.82: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	71.7
Absence of Marketing know-how	7.5
No problems	22.8

- **Mode of marketing:** While all the enterprises first depend on word of mouth for marketing their products, very few put up their products on display at exhibitions and melas. They otherwise do

not use any other mode of marketing.

- **Problems:** In order to use any other mode of marketing almost 70% of the enterprises face a problem of shortage of funds. Around 10% have also mentioned that they face an absence of marketing know-how.

2.6.11 Support Organisations

Majority of the enterprises trust the government organisations to provide them with support for all the aspects – raw material procurement, technology upgradation, design development, credit related awareness etc. However, there are no existing support organisations formed by these enterprises.

2.6.12 Evaluation of Govt. Schemes

Almost none of the enterprises were aware of any government schemes. Very few were aware of the MSE-CDP and the PMEGP schemes.


This implies that either the awareness of the enterprises with respect to government benefits is very low. Also not many were concerned about these either.

2.6.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Strong infrastructure facilities. – Manpower is available – the cluster does not face any problem relating to labour. 	Opportunities <ul style="list-style-type: none"> – Very strong market present within Delhi and NCR. – This industry has an opportunity to grow if it is able to create awareness about its existence in the bigger market.
Weaknesses <ul style="list-style-type: none"> – Absence of effluent treatment plant. – No association/ other support organisation present for the welfare of these enterprises. – The enterprises are not using the latest available technology due to lack of funds and awareness. 	Threats <ul style="list-style-type: none"> – The enterprises do not have pollution certificate and are not eligible for one given the present status. – The quality of the goods produced is of low quality – market awareness is low. – These enterprises do not prefer taking loans from the financial institutions.

2.7 Readymade garment cluster, Gautambudh Nagar:-

Readymade garment cluster is spreads into sector 2, 6, 7, 8, 9, 10 and 11 of NOIDA of Gautambudha Nagar, Uttar Pradesh. UPSIDC has developed this area for the industrial development of this region. Availability of skilled manpower and nearness to large market are the main advantages of this industry.

Table 2.83: Textile Cluster - Fact sheet		
Cluster Type	Artificial Cluster	
Geographical Spread	Sector 2, 6, 7, 8, 9, 10, 11; NOIDA; District Gautambudh Nagar	
Rural/Urban	Urban	
Approx. No. of enterprises	> 100	
Approx % of micro manufacturing enterprises	60%	
Nature of Manufacturing Activity	Mfg. of Wearing Apparel (NIC Code- 18) – manufacture of all types of textile garments and other clothing accessories	

2.7.1 Annual Turnover

Out of the 53 micro enterprises surveyed, majority of the enterprises (64%) having an annual turnover above than 10 Lakhs, 23% units between ₹ 5 to 10 Lakhs and 13% of the units have a turnover up to ₹ 5 Lakhs

2.7.2 Location Preference

71% of the units preferred cluster benefit, 56% units told for availability of industrial sheds and 51% of units told for availability of raw material was the reason for selecting this location.

Table 2.85: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	55.8
Availability of physical infrastructure	1.9
Connectivity	15.4
Availability of industrial infrastructure	0
Availability of ancillary units	1.9
Availability of raw material	51.9
Proximity to market	26.9
Availability of skilled labour	32.7
Local tax incentives	3.8
Local wage levels	23.1
Close to residence	13.5
Cluster benefits	71.
Easy availability of credit	3.8
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 2.84: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	13.2
5-10	22.6
>10	64.2
Not Answered	
Total	100

- Lighting in working place is not an issue in Gautambudha Nagar. 45% of the units are fully satisfied with the lighting condition.
- Space problem is not observed as 62% of the units are fully satisfied with the existing space in Gautambudha Nagar.

- 45% of the unit are happy with the present hygiene condition, 15% units told for the average and 21% units told that they are facing bad hygiene condition.
- Out of 81% of the units are satisfied with the safety condition of the area.

2.7.3 Manpower Availability

Table 2.86: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
1-5	3.8%
6-10	17.0%
11-15	3.8%
>15	75.5%
Total	100.0%

- **Employee size:** Majority of the units (75%) have employment size above than 15.
- **Problems:**
 - Availability of skilled man power is not an issue in this cluster. Only 19% of the units are facing short of skilled man power.
 - 72% of the unit have no problems in availability of skilled employee/skill upgradation of employees while only approx 14% of the units are facing shortage of funds

for the same cause.

2.7.4 Raw Material Availability

- **Proximity:** Delhi and Noida is the major centre for procuring raw material. 64% of the units procure raw material from Delhi only
- **Procurement:** The main mode for procurement of raw material is through Bulk Supplier (72%) and 19% of the units are getting through agents while 7% units procure directly.
- **Costs:** 52% told for the high cost of transportation is a major problem in raw material procurement and 19% told for the high cost of raw material while 34% units are facing other problems.
- **Support:** 66% units are not aware about the responsible organisation for helping them while 30% of the units have trust on government organisations.

2.7.5 Finance/ Credit Availability

57% of the units have availed credit facility.

Table 2.87: Credit facilities	
	% of units
Availed Credit Facilities	30
Not availed Credit Facilities	70
Total	100.0

Source: out of 30 units 70% has taken from government authority through bank under a scheme is the main source while 30% units has taken credit from government authority directly under a scheme

Table 2.88: : Problems faced in availing credit

Problem	% of units facing problem
High interest rate	20.8
Lengthy process	17
Untimely disbursement of funds	1.9
Unsuitable repayment schedules	1.9
Delay in sanction	11.3
Strict Eligibility Condition	3.8
Other problems	1.9
No problems	67.9

- **Problems:** 68% of the units told about no problem for availing credit while 16% told for high interest rate as a major problem.

- **Working Capital Loans:** *49% of the units have availed the working capital loan.*

2.7.6 Technology Upgradation

91% of the units felt that there is need for upgrading the machines.

Need: 73% of the units felt that quality improvement can be achieved for the upgradation of machines while 69% told that it will help them in reduction of waste material.

Table 2.89: Need for technology upgradation

	% of units
Units who felt the need for technology upgradation	90.6
Units who did not feel the need for upgradation	7.5
Recently Upgraded	1.9
Total	100.0%

- **Problems in Upgradation:** 65% units are facing short of funds as a major problem for upgradation of their machines while about 35% units told for other reasons.

Support: 23% have trust to government organisation for upgrading the technology while 72% have no knowledge about the responsible organisation for the same.

Table 2.90: Problems faced in upgradation		Table 2.91: Need for upgradation	
Problems faced in upgradation	% of units	Reason for need	% of units
Shortage of funds	65.4%	Competitors	16.3
Problems of R&M	1.9%	Reduction in waste	69.4
Absence of Technical Know-how	1.9%	Market Demand	28.6
Unavailability of domestic market	.0%	Quality Improvement	73.5
Unskilled labour	5.8%	Large Orders	14.3
Resistance from labour	.0%	Pollution Control	8.2
Other Reasons	34.6%	Availability of Better Technology	12.2
		Other Reasons	0

2.7.7 Design and Development

Table 2.92: Upgradation of design

Frequency of changing design	% of units
0-3 months	94.3
3-6 months	5.7
Total	100.00

Almost 94% of the units change their design within 3 months.

- **Need:** 96% of the units need to change their design due to market demand while 55% units change due to betterment of designs.

- More than 54% of the units are facing

shortage of fund for upgrading the design.

Table 2.93: Reasons for upgrading design	
Reason	% of units
Competitors	32.1
Changing Trends	54.7
Market demand	96.2
Low sales	0
Other reasons	1.9

in Uttar Pradesh. There are power outages for almost 3 to 4 hours daily. 70% of the units are satisfied with the power availability.

- **Telecommunication:** After privatisation of provider do not have any major issues regarding telecommunication.
- **Truck Parking:** They also have their own transportation systems and parking spaces.
- **Other facilities:** No facility has been seen to help this industry.

2.7.9 Marketing

- **Consumers:** Majority of the units (82%) are sold to wholesale traders while (11%) gives to exporters and same number of the units sold to industries also.

Table 2.95: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	11.1
Wholesale trader	82.2
Exporter	8.9
Industries	11.1
Govt. Authorities	0
Total	100

depend upon the word of mouth around 96% of the units sale their product through Exhibition or Melas.

Table 2.96: Modes of marketing	
Major means of marketing	% of units
Word of mouth	96.1
Exhibitions/ Melas	5.9
Association directory	2.
Advertisements	2.
E-Commerce	0
Other means of marketing	0

2.7.8 Common Facilities

- **Water Supply:** Water is not a major concern in Noida. Water is supplied intermittently twice every day.
- **Power Supply:** power supply is irregular

Table 2.94: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	54.7
Absence of Design know-how	0
Resistance from labour	0
Other reasons	45.3
Total	100

- **Mode of marketing:** Enterprises in Gautambuha Nagar use different mode of marketing like word of mouth, Exhibition/Melas, Advertisement and Association directory for marketing of their products. Majority of the units (87%)

Table 2.97: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	25.5
Absence of Marketing know-how	7.8
Other reasons	72.5

- **Problems:** During study it has been found that approx 25% of the units are facing short of fund for the marketing while around 72% units facing problems for other reasons.

2.7.10 Support Organisations

Enterprises in Gautambudha Nagar have made a Industrial Association. They use industrial association to raise their problems related to infrastructure, marketing and industrial policy before the concerned government.

2.7.11 Evaluation of Govt. Schemes

It has been found that very less enterprises are aware about the government schemes. Some enterprises are aware about the government schemes like Cluster Development programme for the Micro and Small Enterprises and Prime minister's Employment Generation Programme.

2.7.12 SWOT Analysis

Strengths <ul style="list-style-type: none">– Good Infrastructure– Availability of skilled manpower– Nearness to raw material and market like Delhi	Opportunities <ul style="list-style-type: none">– Demand will grow with growing population– Their product has reach to the USA and Europe.
Weaknesses <ul style="list-style-type: none">– Facing short of power supply	Threats <ul style="list-style-type: none">– Tough competition from China.


3. Cluster Reports- NIC Code 19

3.1 Leather Product Cluster, Nabi Karim, Walled City, Delhi

3.1.1 Cluster Fact Sheet:-

Nabi Karim, Paharganj is one of the oldest leather products manufacturing cluster in the walled city area of Delhi. Various factors such as proximity to market, availability of skilled labour, good transportation facilities act as catalyst for development of the cluster.

The following table provides brief information of this cluster.

Table 3.1: Leather Products Cluster – Fact Sheet		
Cluster Type	Natural Cluster	
Geographical Spread	Nabi Karim, Paharganj	
Rural/Urban	Urban	
Approx. No. of enterprises	More than 200	
Approx % of micro manufacturing enterprises	95%	
Nature of Manufacturing Activity	Leather Products	

3.1.2 Annual Turnover

Table 3.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	84.3
5-10	3.6
>10	10.8
Total	100.0

About 84% of the units have a turnover in the range of ₹ 0-5 Lakhs. About 11% have their turnover above ₹ 10 Lakhs while about 4% have an annual turnover in the range of ₹ 5-10 Lakhs. The average turnover per unit is around ₹ 5.62 Lakhs.

Secondary study infers that the annual turnover from the existing enterprises is about ₹4.66

Crores.

3.1.3 Location Preference

The cluster is located in Nabi KARim, in the Paharganj area of walled city of Delhi.

The availability of cluster benefits (98%) and skilled labour (87%) plays a crucial role in the location preference of the cluster. Also, other key factors such as availability of raw material (68%), proximity to market (33%) and proximity to residence (11%) adds to the existing location preference.

- Almost 98% of the surveyed units have rated the lighting conditions in their work place as 5, 2% of the surveyed units have rated in the range of 3-4 (on a scale of 1 to 5). The workers are highly satisfied with the lighting conditions in their units. Though, about 1%

of the surveyed units need more power supply for lighting because of power cuts on a daily basis.

Table 3.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	1.2
Connectivity	1.2
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	67.5
Proximity to market	32.5
Availability of skilled labour	86.7
Local tax incentives	0
Local wage levels	2.4
Close to residence	10.8
Cluster benefits	97.6
Easy availability of credit	1.2
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Almost 68% of the surveyed units have rated the space availability in their working place as 5 (on a scale of 1 to 5) and about 29% of the units have rated the space availability as 4. This indicates good working space availability to the workers.
- Majority of the units (37%) are not satisfied with the hygiene conditions in their working place and have rated the hygiene conditions as 2 (on a scale of 1 to 5) whereas about 7% of the surveyed units have rated the hygiene conditions as 5. Also, about 29% of the surveyed units have rated the hygiene conditions as 1. This indicates that the hygiene conditions need necessary actions and upgradations.
- About 50% of the surveyed units felt that the cluster as highly secure in terms of

Safety issues and have rated the working place safety in a range of 4 to 5 (on a scale of 1 to 5). On the contrary, about 15% and 23% of the surveyed units felt that the cluster as highly vulnerable in terms of working place safety and have rated the as 1 and 2 respectively (on a scale of 1 to 5). This indicates a disparity in the working place safety standards largely at the unit level.

- About 18% of the surveyed units felt the need for road strengthening works in the cluster.

3.1.4 Manpower Availability

It is revealed from the primary survey that about 65% of the units employ in the range of 1-5 workers (on payroll) whereas about 24% of the units employ in the range of 6-10 workers. Only, about 1% of the surveyed units employ more than 15 workers. The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and also their wage levels. These labours are either family members or employed workers.

- **Skill:** From the primary survey, it is observed that around 47% of the manufacturing units have 2 skilled workers; about 19% of the surveyed units have 3 skilled workers and about 17% units have 4 skilled workers. Besides these, about 10% of the units have 5-8 skilled workers in their personnel strength.

Table 3.4: Total employees	
Employees on Payroll (In Nos.)	Respondents (%)
0-5	65.1
6-10	24.1
11-15	0
>15	1.2
Not answered	9.6

- **Problems:** It is observed from the primary survey, that about 24% of the surveyed units face shortage of funds in availability of skilled labours as well as upgradation of employees. Besides this, about 14% of the manufacturing units face a problem due to non availability of required course/training of skilled employees as well as skill upgradation of employees. Also, about 3% of the manufacturing units face

problem of high attrition of skilled labour and are unaware of the training institutes for skill upgradation and practical training of the employed workers. But, about 51% of the manufacturing units do not face major problem in availability of skilled labour.

- **Support:** About 19% of the units trust the government organisations while about 5% of the units trust private institutes in providing trained resources and skill upgradation. Also, it is revealed that about 32% of the surveyed units trust local industrial associations/federations in procuring best trained resources. But, about 36% of the surveyed units are uncertain to trust any of these authorities. This indicates the need for aggressive awareness programmes for training and skill upgradation activities.

3.1.5 Raw Material Availability

- **Proximity:** The primary source of raw material availability is from Delhi. Almost 88% of the manufacturing units procure their raw material from local markets of Delhi while 12% units procure from local markets of Nabi Karim. About 22% of these units directly procure raw materials from the market whereas about 4% procure from bulk suppliers. On the contrary, about 75% of the surveyed manufacturing units procure raw material from agents. This indicates the strong hold of agents in raw material procurement.
- **Costs:** Almost 46% of the surveyed units face the problem of high cost of raw material- this could be because they procure it from agents and in certain cases local markets. Besides this, 35% of the surveyed units face the problem of fluctuating costs in raw material procurement. This further escalates the raw material costs.
- **Support:** About 26% of the units trust the government organisations while only 3% of the units trust private institutes for raw material procurement. Also, about 31% of the surveyed units trust local industrial associations in procuring raw material. But, about 36% of the surveyed units are uncertain to trust any of these authorities.

3.1.6 Finance/ Credit Availability

It is observed from the primary survey that almost 96% of the units had not availed any loan facilities. Only 4% of the surveyed units availed credit facilities. About 33% of these units

availed loans from government schemes and about 33% of the units availed loans from nationalized banks. Still, about 34% of these units availed loans from private money lenders indicating the the government schemes, financial institutions and private money lenders equally hold the cluster for financial assistance.

Problems: About 18% units voted High Interest Rate whereas about 13% units stated the Lengthy Process as the major problems in availing finance. Also, about 6% units stated the time delay in sanctioning of loans as another major problem in availing credit. On the contrary, about 63% of the surveyed units did not face any major problem in availing

Table 3.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	18.1
Lengthy process	13.3
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	6.0
Strict Eligibility Condition	0
Other problems	0
No problems	62.7

credit/finance.

3.1.7 Technology Upgradation

From the primary survey, it is observed that about 54% of micro (manufacturing) units felt the need for technology upgradation. The leather products cluster is growing very rapidly due to continuous updations in product design.

■ **Need:** It is observed from the primary survey that almost 53% of the surveyed units felt the need of updating the technology to reduce the waste generation during the manufacturing process while about 42% of the micro (manufacturing) units felt the need for upgrading the technology in order to compete with other enterprises and keep with the market. Almost 9% of the units felt the need to upgrade in order to handle large orders. Also, about 4% of the surveyed units felt that the machinery needs upgradation due to cost ineffectiveness and quality improvement of the finished product.

Table 3.5: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	54.2
Units who did not feel the need for upgradation	45.8
Total	100.0

- **Problems in upgradation:** It is observed from the primary survey that almost 56% of surveyed units stated that Shortage of Funds for machinery upgradation is the key problem in technology upgradation. Besides this, only 1% of the surveyed units faced the problem in upgradation due to non availability of local markets for machine components while about 5% of the surveyed units faced the problem due to lack of knowledge of technical know-how of the machinery including repairs and maintenance. Besides these, about 35% of the surveyed units faced problems in upgradation due to other reasons.
- **Support:** It is revealed from the primary survey that almost 31% units trust the local industrial association and about 23% units trust the government organizations to provide technical support (in terms of awareness, funds or subsidies, training etc.) in upgrading the technology. Also, about 9% units trust the private institutes whereas only 1% trusts the local industrial federation for providing technical support in technology upgradation

process. On the contrary, about 43% of the surveyed units are uncertain about seeking for technical support for technology upgradation.

Table 3.6: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	56.1
Problems of R&M	0.0
Absence of Technical Know-how	4.9
Unavailability of domestic market	1.2
Unskilled labour	2.4
Resistance from labour	1.2
Other Reasons	35.4

months. This indicates that the micro (manufacturing) units handle a variety of work orders.

- **Need:** More than 72% of the surveyed units update/change the design as per the market demand while about 29% update their design in order to compete with other

Table 3.8: Upgradation of design	
Frequency of changing design	% of units
0-3 months	69.9
3-6 months	21.7
>6 months	6
Not answered	2.4
Total	100.0

whereas about 68% of the surveyed units are unable in doing so due to other reasons which could be lack of willingness to experiment. Also, only 3% of the surveyed units face the problem due to lack of knowledge of technical and design know-how.

Table 3.9: Reasons for upgrading design	
Reason	% of units
Competitors	28.9
Changing Trends	26.5
Market demand	72.3
Low sales	3.6
Other reasons	0.0

3.1.8 Design and Development

About 70% of the units change their designs within a time span of less than 3 months. About 22% of the units change their designs in a time frame of 3-6 months while about 6% of the surveyed units change/update the design in a time period of more than 6

Table 3.7: Need for upgradation	
Reason for need	% of units
Competitors	42.2
Reduction in waste	53.3
Cost ineffectiveness	4.4
Quality Improvement	4.4
Large Orders	8.9
Pollution Control	.0
Availability of Better Technology	.0
Other Reasons	.0

enterprises. About 27% of the units update/change the design as per the changing trends while about 4% of the units update/change the design for product development to present low sales.

- **Problems:** More than 29% of the surveyed units face shortage of funds as a major problem in upgrading their designs,

Table 3.10: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	28.9
Absence of Design know-how	2.4
Resistance from labour	1.2
Other reasons	67.5
Total	100.0

3.1.9 Common Facilities

- **Water Supply:** It is observed from the primary survey that almost 98% of the micro (manufacturing) units do have an access to water supply. Almost 96% of the surveyed

micro (manufacturing) units receive water from State Government agencies and only 2% of the units have private sources for water supply. About, 47% of the surveyed units are highly satisfied whereas about 41% of the units are considerably satisfied with the present water supply. Still, about 10% of the units are not satisfied with the present water supply.

- **Power Supply:** About 99% of the units agree to power being supplied to them by the state electricity agencies. Only 27% of the surveyed micro (manufacturing) units receive power from State Government agencies whereas about 69% of the units receive power from Private agencies. This indicates that these units either use diesel generators for power supply or any other medium through which the power is supplied. Though there are frequent power cuts, about 99% of the micro (manufacturing) units are satisfied with the condition of power supply. In the event of power cuts, the units received power through diesel generators installed at respective units.
- **Connectivity:** Only 78% of the units are satisfied with the condition of the road network whereas only 1% of the surveyed units stated condition of the roads to be very poor. Also, about 13% of the surveyed units stated that roads require timely cleaning. The overall road conditions are satisfactory and the majority of the roads in good condition.
- **Truck Parking:** From the primary survey, it is revealed that there are no major trucks parking facilities in the vicinity of these micro (manufacturing) units. Only 6% of the surveyed units have truck parking facilities whereas about 88% micro (manufacturing) units do not have trucks parking space in their vicinity. This leads to on-road parking and finally to traffic congestion. It is also revealed that about 65% of these units felt the need of truck parking facilities in the vicinity in order to overcome the above said issues.
- **Other facilities:** From the primary survey, it is revealed that only 4% stated the presence of testing centres. Also, only 1% of the surveyed units stated the presence of testing centres, design centres and training centres. All these stated facilities could be at unit level. It is also revealed that about 58% felt the need of training centres for labour training programmes, skill upgradation programmes, etc. Besides this, about 46%, 40% and 34% of the surveyed units felt the need of design centres, R&D centres and production centres and testing centres respectively in the cluster. There are no Warehouses at a common level and about 54% of the surveyed units felt its need to store their goods. Also, only 1% of the surveyed units stated the presence of effluent treatment facilities in the cluster while about 45% of the surveyed units felt its requirement. About 17% of the units have First aid centres while 86% of the surveyed units felt its need in the cluster. Also, only 2% of the surveyed units have canteen facilities in their manufacturing unit and about 88% of the surveyed units felt the need of having canteen facilities either at manufacturing unit level or at cluster level.

3.1.10 Marketing

Table 3.11: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	41.0
Wholesale trader	62.7
Exporter	3.6
Industries	2.4
Govt. Authorities	0.0
Total	100.0

It is revealed from the primary survey that almost 99% of the surveyed units' primary markets (first point of sale) in Delhi. Besides these, about 1% of the surveyed units market the manufactured goods in the markets across India.

- **Market:** About 63% of the manufactured products are purchased by wholesale traders whereas about 41% of the manufactured products are purchased by retail consumers. Besides these, about 4% of the manufactured products are purchased by exporters while about 2% of the manufactured products are purchased by industrial establishments who procure the packaging material on order.
- **Mode of marketing:** It is revealed from the primary survey that almost 100% of the surveyed units stated "Word of mouth" as the primary mode of marketing their products. Besides this, there are no other prominent modes of marketing present in the cluster.
- **Problems:** About 15% of the surveyed units face shortage of funds for sale/marketing the products. On the contrary, about 86% of the surveyed units do not face any major problems in marketing the products.

Table 3.12: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100.0
Exhibitions/ Melas	0.0
Association directory	0.0
Advertisements	0.0
E-Commerce	0.0

Table 3.13: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	14.5
Absence of Marketing know-how	0.0
Other reasons	85.5
Total	100.0

3.1.11 Support Organisations

From the primary survey, it is revealed that only 1% of the surveyed units are associated with local industrial/trade associations.

It is revealed that there are no industrial federations, NGOs, Exporters or Technical institutions in the cluster. It is also revealed from the primary survey that almost 100% of the units receive support services from local industrial /trade associations in registration of complaints and problem solving activities.

3.1.12 Evaluation of Govt. Schemes

Only 2% of the surveyed units are aware of the presence of micro and small enterprise - cluster development programmes. Besides this, only 4% of the surveyed units are aware of the presence of Scheme of Fund for Regeneration of Traditional Industries (SFURTI) while only 2% of these units have availed the benefits from this scheme. Also, only 1% of the surveyed units are aware of Programme for promotion of V.I. Cluster Rural Industry Service Centre (RISC) Scheme and NMCP National Programme on Application of Lean Manufacturing-LEAN. Besides these schemes, very few of the surveyed units are aware of Prime Minister's Employment Generation Programme, Rural Employment Generation Programme, Marketing Assistance and Export Promotion Scheme, Credit Linked Capital Subsidy Scheme for Technology Upgradation, Credit Guarantee Scheme for setting up of unit or for Working Capital Loan and Performance and Credit Rating Scheme. The micro (manufacturing) unit are unaware of the other available schemes. This implies that the units are partially aware of the government benefits that could be availed by them.

3.1.13 SWOT Analysis


Strengths <ul style="list-style-type: none"> – Nearness to the large market like Delhi – Availability of skilled manpower 	Opportunities <ul style="list-style-type: none"> – Large market
Weaknesses <ul style="list-style-type: none"> – Using old technology – Less scope of expansion of working space 	Threats <ul style="list-style-type: none"> – Facing big competition from plastics and cotton articles.

3.2 Non Leather Footwear Cluster, Narela, North Delhi, Delhi

3.2.1 Cluster Fact Sheet:-

Narela Industrial area is developed on the outskirts of Delhi along NH-1. Delhi State Industrial Infrastructure Development Corporation Ltd. (DSIIDC) developed the industrial area to relocate the industries from the city core. The footwear products manufacturing activity is the prime manufacturing activity besides other products' enterprises that have developed in the industrial area.

The following table provides brief information of this cluster.

Table 3.14: Non Leather Footwear Cluster – Fact Sheet		
Cluster Type	Natural Cluster	
Geographical Spread	Industrial Area, Narela	
Rural/Urban	Urban	
Approx. No. of enterprises	1500	
Approx % of micro manufacturing enterprises	60	
Nature of Manufacturing Activity	Footwear	

3.2.2 Annual Turnover

Table 3.15: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	32.5
5-10	50.6
>10	16.9
Total	100.0

About 51% of the units have a turnover in the range of ₹ 5-10 Lakhs. 17% have their turnover above ₹ 10 Lakhs while about 33% have an annual turnover in the range of ₹ 0-5 Lakhs. The average turnover per unit is around ₹ 12.82 Lakhs.

Secondary study infers that the annual turnover from the existing enterprises is about ₹10.64

Crores.

3.2.3 Location Preference

The cluster is located in and around Narela urban area along NH-1 indicating good regional connectivity. Delhi State Industrial Infrastructure Development Corporation Ltd. (DSIIDC) along has facilitated the overall development of the industry.

The availability of raw material (55%) and good connectivity (56%) plays a crucial role in the location preference of the cluster. Also, other key factors such as availability of industrial shed (41%), availability of skilled labour (37%) and availability of physical infrastructure along with local wage levels (26%) adds to the existing location preference of these clusters. Besides these, cluster benefits (22%), local tax incentives (16%), proximity to market (7%) and proximity to residence (5%) are the other supporting factors for location preference.

Table 3.16: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	40.7
Availability of physical infrastructure	25.9
Connectivity	55.6
Availability of industrial infrastructure	3.7
Availability of ancillary units	3.7
Availability of raw material	55.6
Proximity to market	7.4
Availability of skilled labour	37.0
Local tax incentives	16
Local wage levels	25.9
Close to residence	4.9
Cluster benefits	22.2
Easy availability of credit	7.4
Any other	0.0
* This was a multiple answer question, the total may add up to more than 100%	

- Almost 89% of the surveyed units have rated the lighting conditions in their work place as 5, 6% of the surveyed units have rated as 4 while 2% of the surveyed units have rated the lighting conditions as 2 (on a scale of 1 to 5). The workers are highly satisfied with the lighting conditions in their units. Though, about 5% of the surveyed units need more power supply for lighting because of power cuts on a daily basis.
- Almost 68% of the surveyed units have rated the space availability in their working place as 5 (on a scale of 1 to 5) and about 29% of the units have rated the space availability as 4. This indicates good working space availability to the workers.
- Majority of the units (37%) are not satisfied with the hygiene conditions in their working place and have rated the hygiene conditions as 2 (on a scale of 1 to 5) whereas about

7% of the surveyed units have rated the hygiene conditions as 5. Also, about 29% of the surveyed units have rated the hygiene conditions as 1. This indicates that the hygiene conditions need necessary actions and upgradations.

- About 50% of the surveyed units felt that the cluster as highly secure in terms of Safety issues and have rated the working place safety in a range of 4 to 5 (on a scale of 1 to 5). On the contrary, about 15% and 23% of the surveyed units felt that the cluster as highly vulnerable in terms of working place safety and have rated the as 1 and 2 respectively (on a scale of 1 to 5). This indicates a disparity in the working place safety standards largely at the unit level.
- About 18% of the surveyed units felt the need for road strengthening works in the cluster.

3.2.4 Manpower Availability

It is revealed from the primary survey that about 30% of the units employ in the range of 6-10 workers (on payroll). Also, about 29% of the surveyed units employ more than 15 workers while about 24% units employed in the range of 0-5 workers (on payroll). Only 17% units have employed in the range of 11-15 workers (on payroll) in their manufacturing facilities. The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and also their wage levels.

- **Skill:** From the primary survey, it is observed that around 25% of the manufacturing units have 1-5 skilled workers; about 30% of the surveyed units have 6-10 skilled workers and about 30% units have greater than 15 skilled workers.

Table 3.17: Total employees	
Employees on Payroll (In Nos.)	Respondents (%)
1-5	24.1
6-10	30.1
11-15	16.9
>15	28.9
Total	100.0

- **Problems:** It is observed from the primary survey, that about 17% of the manufacturing units face a problem in upgrading the skills of their workers and about 11% of the manufacturing units face a problem due to non availability of required course/training of skilled employees as well as skill upgradation of employees. Besides these, about 14% of the manufacturing units face problem of high

attrition of skilled labour. Also, it is revealed that about 8% of the manufacturing units are unaware of the training institutes for skill upgradation and practical training of the employed workers. But, about 56% of the manufacturing units do not face major problem in availability of skilled labour.

- **Support:** About 8% of the units trust the government organisations while about 14% of the units trust private institutes in providing trained resources and skill upgradation. Also, about 17% of the surveyed units trust local industrial associations and about 3% units trust industrial federation in procuring best trained resource. But, about 58% of the surveyed units are uncertain to trust any of these authorities. This indicates the need for aggressive awareness programmes for training and skill upgradation activities.

3.2.5 Raw Material Availability

- **Proximity:** The primary source of raw material availability is from Delhi. More than 43% of the manufacturing units procure their raw material from Delhi while 27% units procure from local markets. Besides these, about 10% of the surveyed manufacturing units procure the raw material from Trinagar area of Delhi. About 30% of these units directly procure raw materials from the market whereas about 43% procure from bulk suppliers. Also, about 28% of the surveyed manufacturing units procure raw material from agents.
- **Costs:** Almost 34% of the surveyed units face the problem of high cost of raw material- this could be because they procure it from local markets and in certain cases agents. Besides these, about 48% of the surveyed units stated problems of high transportation cost whereas 21% of the surveyed units faced the problem of fluctuating costs in raw material procurement. This further escalates the raw material costs.
- **Support:** About 21% of the units trust the government organisations while about 9% of the units trust private institutes for raw material procurement. Also, about 23% of the surveyed units trust local industrial associations and only 1% of the surveyed units trust industrial federation in procuring raw material. But, about 48% of the surveyed units are uncertain to trust any of these authorities.

3.2.6 Finance/ Credit Availability

It is observed from the primary survey that almost 94% of the units had not availed any loan facilities. Only 6% of the surveyed units availed credit facilities. About 40% of these units availed loans from government schemes and about 20% of the units availed loans from nationalized banks. Still, about 60% of these units availed loans from private money lenders indicating the hold of private money lenders in the cluster for financial assistance.

- **Problems:** About 18% of the surveyed micro (manufacturing) units voted strict eligibility conditions whereas about 14% units voted High Interest Rate as the major problems in availing finance. About 4% units stated the Lengthy Process while 5% units stated the unsuitable repayment schedules and lack of knowledge of all applicable credit availability schemes as other problems. On the contrary, about 57% of the surveyed units did not

face any major problem in availing credit/finance.

Table 3.18: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	13.4
Lengthy process	3.7
Untimely disbursement of funds	2.4
Unsuitable repayment schedules	4.9
Delay in sanction	2.4
Strict Eligibility Condition	18.3
Other problems	2.4
No problems	57.3

3.2.7 Technology Upgradation

From the primary survey, it is observed that about 52% of micro (manufacturing) units felt the need for technology upgradation. The non leather footwear cluster is growing very rapidly due to continuous updations in footwear design.

Table 3.19: Need for technology Upgradation	
	% of units
Units who felt the need for technology upgradation	51.8
Units who did not feel the need for upgradation	47.0
Recently Upgraded	1.2
Total	100.0

- **Need:** It is observed from the primary survey that almost 37% of the micro (manufacturing) units felt the need for upgrading the technology in order to compete with other enterprises and keep with the market. About 31% of the surveyed units felt the need of updating the technology to reduce the waste generation during the manufacturing process while about 21% of the surveyed units felt the need of technology upgradation for product

quality improvement and pollution control. Almost 16% of the units felt the need to upgrade in order to handle large orders and about 14% of the units felt the need for available better technology. Also, about 9% of the surveyed units felt that the machinery needs upgradation due to cost ineffectiveness of the finished product.

- **Problems in upgradation:** It is observed from the primary survey that almost 52% of surveyed units stated that Shortage of Funds for machinery upgradation is the key problem in technology upgradation. Besides this, about 17% of the surveyed units faced the problem in upgradation due to non availability of local markets for machine

components while about 9% of the surveyed units faced the problem due to lack of knowledge of technical know-how of the machinery including repairs and maintenance.

- **Support:** It is revealed from the primary survey that almost 30% units trust the local industrial association and about 24% units trust the government organizations to provide technical support (in terms of awareness, funds or subsidies, training etc.) in upgrading the technology. Also, about 9% units trust the private institutes whereas only 3% trust the local industrial federation for providing technical support in technology upgradation process. On the contrary, about 36% of the surveyed units are uncertain about seeking for technical support for technology upgradation.

Table 3.20: Need for upgradation	
Reason for need	% of units
Competitors	37.2
Reduction in waste	30.2
Market Demand	9.3
Quality Improvement	20.9
Large Orders	16.3
Pollution Control	20.9
Availability of Better Technology	14.0
Other Reasons	0.0

Table 3.22: Upgradation of design	
Frequency of changing design	% of units
0-3 months	44.6
3-6 months	28.9
>6 months	26.5
Not Answered	0.0
Total	100.0

3.2.8 Design and Development

About 45% of the units change their designs within a time span of less than 3 months. About 29% of the units change their designs in a time frame of 3-6 months while about 27% of the surveyed units change/update the

Table 3.21: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	51.9
Problems of R&M	6.2
Absence of Technical Know-how	8.6
Unavailability of domestic market	17.3
Unskilled labour	4.9
Resistance from labour	1.2
Other Reasons	16.0

design in a time period of more than 6 months. This indicates that the micro (manufacturing) units handle a variety of work orders.

- **Need:** More than 72% of the surveyed units update/change the design as per the market demand while about 49% update their design in order to compete with other enterprises. About 28% of the units update/change the design as per the changing trends while about 8% of the units update/change the design for product development to present low sales. Also, about 11% update the product design due to other reasons which could be a result of internal research & development.
- **Problems:** More than 49% of the surveyed units face shortage of funds as a major problem in upgrading their designs, whereas about 36% of the surveyed units are unable in doing so due to other reasons which could be lack of willingness to experiment. Also, about 11% of the surveyed units face the problem due to lack of knowledge of technical and design know-how.

Table 3.23: Reasons for upgrading design

Reason	% of units
Competitors	49.4
Changing Trends	27.7
Market demand	72.3
Low sales	7.2
Other reasons	10.8

access to water supply. To beat this around 43% of the units have created their own private sources for water supply.

- **Power Supply:** 100% of the units agree to power being supplied to them by the state electricity agencies. However, due to frequent power cuts, these units either use diesel generators for power supply or any other medium through which the power is supplied. In spite of frequent power cuts, about 96% of the micro (manufacturing) units are satisfied with the condition of power supply. In the event of power cuts, the units use power through generators installed at respective units.
- **Connectivity:** Only 18% of the units are satisfied with the condition of the road network whereas about 80% of the surveyed units stated condition of the roads to be very poor. The overall road conditions are not satisfactory and the majority of the roads need immediate strengthening works to withstand the load of carriage vehicles.
- **Truck Parking:** From the primary survey, it is revealed that there are no major trucks parking facilities in the vicinity of these micro (manufacturing) units. About 10% of the surveyed units have truck parking facilities within their units whereas about 88% micro (manufacturing) units do not. This leads to on-road parking and finally to traffic congestion. Besides this, safety of the manufactured product is also a concerning issue. It is also revealed that almost 82% of these units felt the need of truck parking facilities in the vicinity in order to overcome the above said issues.
- **Other facilities:** From the primary survey, it is revealed that only 4% and 11% of the surveyed units stated the presence of testing centres and production centres respectively. It is also revealed that there are no design centres and R&D centres in the cluster wherein about 67% felt the need of design centres and R&D Centres in the cluster. Also, about 66%, 65% and 81% of the units felt the need of testing centres, production centres and training centres respectively in the cluster for labour training programmes, skill upgradation programmes, etc. There are no warehouses at a common level and about 72% of the surveyed units felt its need to store their goods. There are no effluent treatment facilities in the cluster and about 68% of the surveyed units felt its requirement. Around 76% of the units have First aid facilities within their units. 78% of the surveyed

3.2.9 Common Facilities

- **Water Supply:** It is observed from the primary survey that almost 99% of the micro (manufacturing) units do have an

Table 3.24: Problems faced in upgrading design

Problems	% of units
Shortage of funds	49.4
Absence of Design know-how	11.1
Resistance from labour	6.2
Other reasons	35.8
Total	100.0

units felt the need of a common first aid centre in the cluster. Also, only 2% of the surveyed units have canteen facilities in their manufacturing unit and about 86% of the surveyed units felt the need of having canteen facilities either at manufacturing unit level or at cluster level.

3.2.10 Marketing

It is revealed from the primary survey that about 90% of the surveyed units' primary markets (first point of sale) in Delhi. Besides these, about 4% of the surveyed units market the manufactured goods in the markets across India.

Table 3.25: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	13.3
Wholesale trader	69.9
Exporter	0.0
Industries	15.7
Govt. Authorities	0.0
Others	1.2
Total	100.0

directly purchased by retail consumers.

- **Mode of marketing:** It is revealed from the primary survey that about 93% of the surveyed units stated "Word of mouth" as the primary mode of marketing their products. Besides this, about 7% of the surveyed units stated the Association directory as another mode of marketing.

- **Problems:** About 9% of the surveyed units face shortage of funds for sale/marketing the products whereas about 24% of the surveyed units face problem due to lack of knowledge of marketing know-how. On the contrary, about 68% of the surveyed units do not face any major problems in marketing the products.

Table 3.26: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	8.8
Absence of Marketing know-how	23.8
Other reasons	67.5
Total	100.0

Table 3.27: Modes of marketing	
Major means of marketing	% of units
Word of mouth	92.6
Exhibitions/ Melas	0.0
Association directory	6.2
Advertisements	0.0
E-Commerce	0.0
Other means of marketing	2.5

3.2.11 Support Organisations

From the primary survey, it is revealed that about 86% of the surveyed units are associated with local industrial/trade associations. About 63% of the surveyed units have association with NARELA

INDUSTRIAL COMPLEX WELFARE ASSOCIATION whereas about 21% of the surveyed units have association with DSIIDC.

It is revealed that only 2% of the surveyed units stated association with industrial federations. Besides this, there are no NGOs, Exporters or Technical institutions in the cluster. It is also revealed from the primary survey that about 79% of the units receive support services from local industrial /trade associations in registration of complaints and problem solving activities while about 21% of the units receive support for marketing/improvement in the business environment of the units. Also, about 33% of the units receive support for leisure activities. Besides these, only 6% of the surveyed units received support services in government liaisoning activities.

3.2.12 Evaluation of Govt. Schemes

Only 5% of the surveyed units are aware of the presence of micro and small enterprise - cluster development programmes. Besides this, only 3% of the surveyed units are aware of the presence of Scheme of Fund for Regeneration of Traditional Industries (SFURTI) while only 1% of these units have availed the benefits from this scheme. Also, only 1% of the surveyed units are aware of Programme for promotion of V.I. Cluster Rural Industry Service Centre (RISC) Scheme and NMCP National Programme on Application of Lean Manufacturing-LEAN. Besides these schemes, very few of the surveyed units are aware of Prime Minister's Employment Generation Programme, Rural Employment Generation Programme, Marketing Assistance and Export Promotion Scheme, Credit Linked Capital Subsidy Scheme for Technology Upgradation, Credit Guarantee Scheme for setting up of unit or for Working Capital Loan and Performance and Credit Rating Scheme. The micro (manufacturing) unit are unaware of the other available schemes. This implies that the units are partially aware of the government benefits that could be availed by them.

3.2.13 SWOT Analysis


Strengths <ul style="list-style-type: none"> – Availability of skilled manpower – Nearness to market – Units are functioning in planned industrial area 	Opportunities <ul style="list-style-type: none"> – Large market – Optimum space for the expansion of the industry
Weaknesses <ul style="list-style-type: none"> – Lack of all Govt. helping facility – Lack of basic physical infrastructure in the industrial area 	Threats <ul style="list-style-type: none"> – Quality is not as per international requirement – Facing tough competition with products imported from China

3.3 Non Leather Footwear Cluster, Madipur, West Delhi, Delhi

3.3.1 Cluster Fact Sheet:-

The non-leather footwear cluster is largely a household industry spread across Madipur Village and DDA Flats located in Madipur area. The cluster has good regional connectivity with easy access from NH-1. It is one of the prime employment generating activities in the vicinity. Ladies footwear and shoes are the prime products of this cluster.

The following table provides brief information of this cluster.

Table 3.28: Non Leather Footwear Cluster – Fact Sheet		
Cluster Type	Natural Cluster	
Geographical Spread	Madipur village and DDA Flats	
Rural/Urban	Urban	
Approx. No. of enterprises	500	
Approx % of micro manufacturing enterprises	100	
Nature of Manufacturing Activity	Ladies Footwear	

3.3.2 Annual Turnover

Table 3.29: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	86.2
5-10	8.3
>10	4.2
Not Answered	1.4
Total	100.0

About 86% of the units have a turnover in the range of ₹ 0-5 Lakhs. About 8% units have their turnover in the range of ₹ 5-10 Lakhs while about 4% have an annual turnover above ₹ 10 Lakhs. The average turnover per unit is around ₹ 3.94 Lakhs.

Secondary study infers that the annual turnover from the existing enterprises is about ₹2.80 Crores.

3.3.3 Location Preference

The cluster is located in and around Madipur village area. Also, it is in the vicinity of NH-1 has good regional connectivity.

The availability of raw material (90%) and skilled labour (72%) plays a crucial role in the location preference of the cluster. Also, other key factors such as nearness to residence (41%), cluster benefits (34%), and availability of physical infrastructure (24%) add to the existing location preference of these clusters. Besides these, proximity to market (13%), connectivity (11%) and availability of industrial sheds (10%) are the other supporting factors for location preference.

- Almost 74% of the surveyed units have rated the lighting conditions in their work place as 5, 17% of the surveyed units have rated as 4 while 10% of the surveyed units have rated the lighting conditions as 3 (on a scale of 1 to 5). The workers are highly satisfied

with the lighting conditions in their units. Though, about 5% of the surveyed units need more power supply for lighting because of power cuts on a daily basis.

Table 3.30: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	9.9
Availability of physical infrastructure	23.9
Connectivity	11.3
Availability of industrial infrastructure	1.4
Availability of ancillary units	2.8
Availability of raw material	90.1
Proximity to market	12.7
Availability of skilled labour	71.8
Local tax incentives	1.4
Local wage levels	1.4
Close to residence	40.8
Cluster benefits	33.8
Easy availability of credit	0.0
Any other	0.0

* This was a multiple answer question, the total may add up to more than 100%

largely to its satisfactory levels.

- About 82% of the surveyed units felt that the cluster as highly secure in terms of Safety issues and have rated the working place safety in a range of 4 to 5 (on a scale of 1 to 5). On the contrary, about 6% and 4% of the surveyed units felt that the cluster as highly vulnerable in terms of working place safety and have rated the as 1 and 2 respectively (on a scale of 1 to 5). This indicates that the cluster is fairly safe and the safety related issues could be at the unit level.

3.3.4 Manpower Availability

It is revealed from the primary survey that about 49% of the units employ in the range of 1-5

Table 3.31: Total employees	
Employees on Payroll (In Nos.)	Respondents (%)
1-5	48.6
6-10	37.5
11-15	11.1
>15	2.8
Total	100.0

workers (on payroll) whereas about 38% of the units employ in the range of 6-10 workers. Only, about 3% of the surveyed units employ more than 15 workers while about 11% units employed in the range of 11-15 workers (on payroll). The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and also their wage levels. These labours are either family members or employed

workers.

- Almost 65% of the surveyed units have rated the space availability in their working place as 5 (on a scale of 1 to 5) and about 22% of the units have rated the space availability as 4. Though, about 5% of the surveyed units rated the space availability in their working space as 2. This indicates good working space availability to the workers.
- Majority of the units (64%) are highly satisfied with the hygiene conditions in their working place and have rated the hygiene conditions as 5 (on a scale of 1 to 5) whereas about 19% of the surveyed units have rated the hygiene conditions as 4. Also, about 11% of the surveyed units have rated the hygiene conditions as 3. Only about 5% of the surveyed units have rate the hygiene conditions as 2. This indicates that the hygiene conditions are

- **Skill:** From the primary survey, it is observed that around 50% of the manufacturing units have upto 5 skilled workers; about 37% of the surveyed units have between 6 – 10 skilled workers while just above 10% of the enterprises have employed more than 11 workers.
- **Problems:** It is observed from the primary survey, that about 54% of the surveyed units face shortage of funds in availability of skilled labours as well as upgradation of employees. Besides this, about 4% of the manufacturing units face a problem due to non availability of required course/training of skilled employees as well as skill upgradation of employees. Also, about 2% of the manufacturing units face problem of high attrition of skilled labour and are unaware of the training institutes for skill upgradation and practical training of the employed workers. But, about 35% of the manufacturing units do not face major problem in availability of skilled labour.
- **Support:** About 35% of the units trust the government organisations while about 3% of the units trust private institutes in providing trained resources and skill upgradation. Also, it is revealed that the surveyed units do not trust local industrial associations/federations in procuring best trained resources. But, about 60% of the surveyed units are uncertain to trust any of these authorities. This indicates the need for aggressive awareness programmes for training and skill upgradation activities.

3.3.5 Raw Material Availability

- **Proximity:** The primary source of raw material availability is from Delhi. Almost 100% of the surveyed units procure their raw material from local markets of Delhi. These local markets are primarily located in Karol Bagh, Madipur and nearby areas. About 63% of these units procure raw materials from agents while about 25% of the units procure from bulk suppliers. Also, about 13% of the surveyed manufacturing units directly procured raw material from local markets.
- **Costs:** Almost 81% of the surveyed units face the problem of high cost of raw material- this could be because they procure it from local markets and in certain cases agents. Besides these, about 16% of the surveyed units stated problems due to shortage of supply while about 10% of the units stated the problem of raw material procurement due to seasonal products. Also, about 7% of the surveyed units faced the problem of fluctuating costs while about 4% units face problems due to high transportation cost in raw material procurement. This further escalates the raw material costs.
- **Support:** About 46% of the units trust the government organisations while about 6% of the units trust private institutes for raw material procurement. Also, only 1% of the surveyed units trust local industrial associations in procuring raw material. But, about 46% of the surveyed units are uncertain to trust any of these authorities.

3.3.6 Finance/ Credit Availability

It is observed from the primary survey that almost 83% of the units had not availed any loan facilities. Only 17% of the surveyed units availed credit facilities. About 25% of these units availed loans from government schemes and about 33% of the units availed loans from nationalized banks. Still, about 42% of these units availed loans from private money lenders indicating the hold of private money lenders in the cluster for financial assistance.

Table 3.32: : Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	49.3
Lengthy process	19.7
Untimely disbursement of funds	0.0
Unsuitable repayment schedules	1.4
Delay in sanction	7.0
Strict Eligibility Condition	18.3
Other problems	19.7
No problems	13.4

- **Problems:** About 49% of the surveyed micro (manufacturing) units voted High Interest Rate as the major problem in availing finance whereas about 20% of the surveyed units stated lengthy documentation process. About 18% units stated strict eligibility conditions whereas about 7% of the surveyed units stated the delay in loan sanction as other major problems in availing credit/finance. On the contrary, about 20% of the surveyed units did not face any major problem in availing credit/finance.

3.3.7 Technology Upgradation

From the primary survey, it is observed that about 21% of micro (manufacturing) units felt the need for technology upgradation. The non leather footwear cluster is growing very rapidly due to continuous updations in footwear design.

Table 3.33: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	20.8
Units who did not feel the need for upgradation	79.2
Recently Upgraded	3.0
Total	100.0

- **Need:** It is observed from the primary survey that almost 47% of the micro (manufacturing) units felt the need for upgrading the technology in order to compete with other enterprises and for product quality improvement. About 7% of the surveyed units felt the need of updating for better available technology. Almost 47% of the units felt the need to upgrade in order to handle large orders.
- **Problems in upgradation:** It is observed from the primary survey that almost 75% of surveyed units stated that Shortage of Funds for machinery upgradation is the key problem in technology upgradation. Besides this, about 3% of the units stated the non availability of skilled labours while 2% of the surveyed units faced the problem in upgradation due to non availability of local markets for machine components. Also, about 8% of the surveyed units faced the problem due to lack of knowledge of technical know-how of the machinery including repairs and maintenance.

- **Support:** It is revealed from the primary survey that almost 56% units trust the government organizations to provide technical support (in terms of awareness, funds or subsidies, training etc.) in upgrading the technology. Also, about 2% units trust the private institutes and others for providing technical support in technology upgradation process. On the contrary, about 41% of the surveyed units are uncertain about seeking for technical support for technology upgradation.

Table 3.34: Need for upgradation	
Reason for need	% of units
Competitors	46.7
Reduction in waste	0.0
Market Demand	0.0
Quality Improvement	46.7
Large Orders	46.7
Pollution Control	0.0
Availability of Better Technology	6.7
Other Reasons	0.0

Table 3.35: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	75.0
Problems of R&M	0.0
Absence of Technical Know-how	8.3
Unavailability of domestic market	1.4
Unskilled labour	2.8
Resistance from labour	1.4
Other Reasons	13.9

3.3.8 Design and Development

Table 3.36: Upgradation of design	
Frequency of changing design	% of units
0-3 months	70.8
3-6 months	18.1
>6 months	6.9
Not Answered	4.2
Total	100.0

About 71% of the units change their designs within a time span of less than 3 months. About 18% of the units change their designs in a time frame of 3-6 months while about 7% of the surveyed units change/update the design in a time period of more than 6 months. This indicates that the micro (manufacturing) units handle a variety of work orders.

- **Need:** More than 90% of the surveyed units update/change the design as per the market demand while about 54% update their design in order to compete with other enterprises. About 14% of the units update/change the design as per the changing trends. This indicates the product design is primarily dependent on market demand and then on competition with other enterprises.
- **Problems:** More than 76% of the surveyed units face shortage of funds as a major problem in upgrading their designs, whereas about 10% of the surveyed units are unable in doing so due lack of design knowledge and due to other reasons which could be lack of willingness to experiment. Also, about 4% of the surveyed units face the problem due to resistance from labour which could be due to lack of knowledge of technical and design know-how.

3.3.9 Common Facilities

- **Water Supply:** While the local authority supplies water in this area, almost all the enterprises complain of insufficient supply. A reason could be that the water supplied here is as per the residential

Table 3.38: Reasons for upgrading design	
Reason	% of units
Competitors	54.2
Changing Trends	13.9
Market demand	90.3
Low sales	0.0
Other reasons	0.0

Table 3.37: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	76.4
Absence of Design know-how	9.7
Resistance from labour	4.2
Other reasons	9.7
Total	100.0

norms, and the enterprises face shortage as they require supply for industrial purposes too.

- **Power Supply:** 100% of the units agree to power being supplied to them by the private players in the distribution system. Though there are frequent power cuts, about 94% of the micro units are satisfied with the condition of power supply.
- **Connectivity:** About 94% of the units are satisfied with the condition of the road network whereas about 1% of the surveyed units stated condition of the roads to be very poor. The overall road conditions are satisfactory and the majority of the roads are largely in good conditions withstand the load of carriage vehicles.
- **Truck Parking:** From the primary survey, it is revealed that only 1% of the surveyed units have truck parking facilities whereas about 99% micro units do not have trucks parking space in their vicinity. This leads to on-road parking and finally to traffic congestion. It is also revealed that about 57% of these units felt the need of truck parking facilities in the vicinity in order to overcome the above said issues. However, about 43% of the surveyed units did not felt the need of truck parking facilities which could be dependent on the client's products order size.
- **Other facilities:** From the primary survey, it is revealed that only 1% and 6% of the surveyed units stated the presence of testing centres and design centres respectively. It is also revealed that there are no production centres and R&D centres in the cluster wherein about 83% felt the need of design centres and training centres in the cluster for labour training programmes, skill upgradation programmes, etc. Also, about 73%, 56% and 54% of the units felt the need of testing centres, production centres and R&D centres respectively in the cluster. There are no Warehouses at a common level and about 68% of the surveyed units felt its need to store their goods. There are no effluent treatment facilities in the cluster and about 44% of the surveyed units felt its requirement.

3.3.10 Marketing

It is revealed from the primary survey that almost 100% of the surveyed units' primary markets (first point of sale) are in Delhi.

Table 3.39: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	15.3
Wholesale trader	88.9
Exporter	1.4
Industries	1.4
Govt. Authorities	0.0
Others	1.4
Total	100.0

- **Market:** About 90% of the manufacturers sell their products to wholesale traders whereas about 16% of the manufacturers sell to retail consumers. Besides these, about 2% are also linked to exporters, industries and others who procure the products on order.

■ **Mode of marketing:** It is revealed from the primary survey that almost all the surveyed units stated "Word of mouth" as the primary mode of marketing their products. Besides this, there are no other prominent modes of marketing active in the cluster.

- **Problems:** About 51% of the surveyed units face shortage of funds for sale/marketing the products whereas some of the surveyed units face problem due to lack of knowledge of marketing know-how. On the contrary, about 49% of the surveyed units do not face any major problems in marketing the products.

Table 3.40: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100.0
Exhibitions/ Melas	0.0
Association directory	0.0
Advertisements	0.0
E-Commerce	0.0
Other means of marketing	0.0

Table 3.41: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	50.7
Absence of Marketing know-how	0.0
Other reasons	49.3
Total	100.0

3.3.11 Support Organisations

From the primary survey, it is revealed that only about 2% of the surveyed units are associated with local industrial/trade associations. Besides this, there are no technical federations, NGOs, Exporters or Technical institutions in the cluster. It is also revealed from the primary survey that almost all the units receive support services from local industrial/trade associations for marketing/improvement in the business environment of the units.

3.3.12 Evaluation of Govt. Schemes

Only 3% of the surveyed units are aware of the presence of micro and small enterprise - cluster development programmes and Scheme of Fund for Regeneration of Traditional Industries (SFURTI). Also, only 1% of the surveyed units are aware of Programme for

promotion of V.I. Cluster Rural Industry Service Centre (RISC) Scheme while only 1% of these units have availed the benefits from this scheme. Besides these, about 29% of the surveyed units are aware of Prime Minister's Employment Generation Programme while about 7% of the units are aware of Rural Employment Generation Programme but none of the units have availed the benefits may be due to non-applicability of the scheme in the cluster. Only 1% of the units have availed the benefits from Credit Guarantee Scheme for setting up of unit or for Working Capital Loan and Performance. Besides these, the surveyed units are unaware of schemes such as NMCP National Programme on Application of Lean Manufacturing-LEAN, Marketing Assistance and Export Promotion Scheme, Credit Linked Capital Subsidy Scheme for Technology Upgradation, and Credit Rating Scheme and other schemes. This indicates that the units are unaware or partially aware of the government benefits that could be availed by them. Also, there are no product specific schemes for the cluster development available in this cluster.

3.3.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Availability of skilled manpower – Nearness to market – Availability of raw material in local market 	Opportunities <ul style="list-style-type: none"> – Stable large market and increasing demand
Weaknesses <ul style="list-style-type: none"> – Lack of all Govt. helping facility – Units are functioning in residential area 	Threats <ul style="list-style-type: none"> – No scope of expansion.

3.4 Leather & Non Leather Shoes, Ishmailpur, Kishangarh, Alwar

3.4.1 Cluster Fact Sheet:-

The leather and non-leather footwear cluster is largely a household industry spread across villages of Bansoor and Ishmailpur located in Kishangarh at a distance of 80 Km. from Delhi. Though the cluster has huge potential for development, it lacks good regional connectivity. It is one of the prime employment generating activities in the vicinity. District industry centre (DIC) has intervened for the development of the industry.

The following table provides brief information of this cluster.

Table 3.42: Non Leather Footwear Cluster – Fact Sheet	
Cluster Type	Natural Cluster
Geographical Spread	Ishmailpur Village
Rural/Urban	Rural
Approx. No. of enterprises	100
Approx % of micro manufacturing enterprises	100
Nature of Manufacturing Activity	Leather and Non-leather Shoes and Belts
Authority- Sponsoring/ Implementing etc.	District Industry Centre (DIC) and Rural Non Farm Development Agency (RUDA)



3.4.2 Annual Turnover

Table 3.43: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-3	52.9
3-6	47.1
> 6	0.0
Total	100.0

About 53% of the units have a turnover in the range of ₹ 0-3 Lakhs. About 47% units have their turnover in the range of ₹ 3-6 Lakhs. The average turnover per unit is around ₹ 3.71 Lakhs.

Secondary study infers that the annual turnover from the existing enterprises is about ₹1.89 Crores.

3.4.3 Location Preference

The cluster is located in Ishmailpur and Bansoor villages.

The availability of skilled labour (96%) and nearness to residence (67%) plays a crucial role in the location preference of the cluster. Also, other key factors such as availability of raw material (47%), connectivity (35%) and proximity to market (26%) add to the existing location preference of these clusters. Besides these, cluster benefits (10%) and other benefits (14%) are the other supporting factors for location preference.

- Almost 67% of the surveyed units have rated the lighting conditions in their work place

Table 3.44: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	3.9
Availability of physical infrastructure	3.9
Connectivity	35.3
Availability of industrial infrastructure	0.0
Availability of ancillary enterprises	0.0
Availability of raw material	47.1
Proximity to market	25.5
Availability of skilled labour	96.1
Local tax incentives	0.0
Local wage levels	2.0
Close to residence	66.7
Cluster benefits	9.8
Easy availability of credit	2.0
Any other	13.7
* This was a multiple answer question, the total may add up to more than 100%	

as 5 and 6% of the surveyed units have rated the lighting conditions as 3 (on a scale of 1 to 5). Still, about 28% of the surveyed units rated the lighting conditions in the range of 1-2 (on a scale of 1 to 5). The workers are merely satisfied with the lighting conditions in their units. Though, about 31% of the surveyed units need more power supply for lighting because of power cuts on a daily basis.

- Almost 14% of the surveyed units have rated the space availability in their working place as 5 (on a scale of 1 to 5) and about 43% of the units have rated the space availability in the range of 3-4. Though, about 41% of the surveyed units rated the space availability in their working space as 2. This indicates comparatively less working space availability to the workers.

Majority of the units (49%) are highly satisfied with the hygiene conditions in their working place and have rated the hygiene conditions as 4 (on a scale of 1 to 5) whereas about 33% of the surveyed units have rated the hygiene conditions as 5. Also, about 8% of the surveyed units have rated the hygiene conditions as 3. Still, about 8% of the surveyed units have rated the hygiene conditions as 2. This indicates that the hygiene conditions are largely to its satisfactory levels.

- About 80% of the surveyed units felt that the cluster as highly secure in terms of Safety issues and have rated the working place safety as 5 whereas about 20% of the surveyed units rated the working place safety as 4 (on a scale of 1 to 5). This indicates that the cluster is highly safe and there seems no safety related issues in the cluster.

3.4.4 Manpower Availability

Table 3.45: Total employees	
Employees on Payroll (In Nos.)	Respondents (%)
1-5	64.7
6-10	25.5
11-15	7.8
>15	2.0
Total	100.0

It is revealed from the primary survey that about 65% of the units employ in the range of 1-5 workers (on payroll) whereas about 26% of the units employ in the range of 6-10 workers. Only, about 2% of the surveyed units employ more than 15 workers while about 8% units employed in the range of 11-15 workers (on payroll). The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and

also their wage levels. These labours are either family members or employed workers.

- **Skill:** From the primary survey, it is observed that around 22% of the manufacturing units have 4 skilled workers; about 14% of the surveyed units either have 3 or 5 skilled workers and about 12% units either have 2 or 6 skilled workers. Besides these, about 20% of the units have 1-2 skilled workers in their personnel strength. Only, about 2% of the surveyed units have 20 skilled workers in their personnel strength.
- **Problems:** It is observed from the primary survey, that about 81% of the surveyed units face shortage of funds in availability of skilled labours as well as upgradation of employees. Also, about 10% of the manufacturing units face problem of high attrition of skilled labour. But, about 12% of the manufacturing units do not face major problem in availability of skilled labour.
- **Support:** About 55% of the units trust the government organisations while about 10% of the units trust private institutes for providing trained resources and skill upgradation. Also, it is revealed that only 2% of the surveyed units trust local industrial associations for procuring best trained resources. But, about 28% of the surveyed units are uncertain to trust any of these authorities. This indicates the need for aggressive awareness programmes for training and skill upgradation activities.

District Industry Centre and RUDA had provided training to artisans for the skill upgradation. During interaction with the artisans it has been found that some of them had not shown interest and lack of time for taking training.

3.4.5 Raw Material Availability

- **Proximity:** The primary source of raw material availability is from Delhi. Almost 29% of the surveyed units procure their raw material from local markets of Delhi. Besides this, about 22% of the units procure raw material from Rewari and local markets of Ishmailpur and Kishangarh. Also, about 4% of the units procure raw materials from Alwar. About 57% of these units procure raw materials from agents while about 39% of the units directly procure from local markets. Also, about 4% of the units procure raw materials from bulk suppliers. This indicates a considerable hold of agents in the cluster for raw material procurement.
- **Costs:** Almost 86% of the surveyed units face the problem of high cost of raw material- this could be because they procure it from agents and in certain cases local markets. Besides these, about 55% of the surveyed units stated problems due to high cost of raw material transportation whereas about 24% units stated the problem of fluctuating costs. About 2% of the units stated problems due to raw material shortage for supply and lack of proper storage.
- **Support:** About 63% of the units trust the government organisations while about 12% of the units trust private institutes for raw material procurement. Also, only 2% of the

surveyed units trust local industrial associations in procuring raw material. But, about 24% of the surveyed units are uncertain to trust any of these authorities.

3.4.6 Finance/ Credit Availability

It is observed from the primary survey that almost 63% of the units had not availed any loan facilities. Only 37% of the surveyed units availed credit facilities. About 32% of these units availed loans from government schemes and about 16% of the units availed loans from nationalized banks. Still, about 37% of these units availed loans from private money lenders

indicating the hold of private money lenders in the cluster for financial assistance.

Table 3.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	37.3
Lengthy process	17.6
Untimely disbursement of funds	2.0
Unsuitable repayment schedules	2.0
Delay in sanction	21.6
Strict Eligibility Condition	76.5
Other problems	0.0
No problems	2.0

- **Problems:** About 77% of the surveyed units voted Strict Eligibility Conditions whereas 37% of the units stated High Interest Rate as the major problem in availing finance. Also, about 22% of the units stated Delay in Sanction while 18% units stated Lengthy Documentation Process as the other problems in availing finance/credit. Only 2% of the surveyed units did not face any major problem in availing credit/ finance.

3.4.7 Technology Upgradation

From the primary survey, it is observed that about 77% of micro (manufacturing) units felt the need for technology upgradation. The leather & non-leather products cluster is growing very rapidly due to continuous updations in products design.

- **Need:** It is observed from the primary survey that almost 50% of the units felt the need for upgrading the technology in order to handle large orders and for product quality improvement. Besides these, about 29% of the surveyed units felt the need to upgrade in order to compete with other enterprises while about 18% of the units felt the need for upgradation to reduce the wastage during product manufacture. About 5% of the

Table 3.46: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	76.5
Units who did not feel the need for upgradation	23.5
Total	100.0

surveyed units felt the need of updating for better available technology.

- **Problems in upgradation:** It is observed from the primary survey that almost 80% of surveyed units stated that Shortage of Funds for machinery upgradation is the key problem in technology upgradation. Besides this, about 20% of the surveyed units faced the problem due to lack of knowledge of technical know-how of the machinery including repairs and maintenance while 2% of the surveyed units faced the problem in upgradation due to non availability of local markets for machine components.

- **Support:** It is revealed from the primary survey that almost 73% units trust the government organizations to provide technical support (in terms of awareness, funds or subsidies, training etc.) in upgrading the technology. Also, about 6% units trust the private institutes and others for providing technical support in technology upgradation process. On the contrary, about 22% of the surveyed units are uncertain about seeking for technical support for technology upgradation.

Table 3.47: Problems faced in upgradation		Table 3.48: Need for upgradation	
Problems faced in upgradation	% of units	Reason for need	% of units
Shortage of funds	80.4	Competitors	28.9
Problems of R&M	19.6	Reduction in waste	18.4
Absence of Technical Know-how	3.9	Cost ineffectiveness	5.3
Unavailability of domestic market	2.0	Quality Improvement	50.0
Unskilled labour	0.0	Large Orders	50.0
Resistance from labour	0.0	Pollution Control	0.0
Other Reasons	0.0	Availability of Better Technology	5.3
		Other Reasons	0.0

3.4.8 Design and Development

Table 3.49: Upgradation of design	
Frequency of changing design	% of units
0-3 months	70.6
3-6 months	25.5
>6 months	3.9
Not Answered	0.0
Total	100.0

About 71% of the units change their designs within a time span of less than 3 months. About 26% of the units change their designs in a time frame of 3-6 months while about 4% of the surveyed units change/update the design in a time period of more than 6 months. This indicates that the micro (manufacturing) units handle a variety of work orders.

- **Need:** More than 77% of the surveyed units update/change the design as per the market demand while about 20% update their design as per the changing trends. About 12% of the units update/change their designs in order to compete with other enterprises. Also, about 22% of the units update/change the design due to low sales. This indicates the product design is primarily dependent on market demand and on competition with other enterprises by providing better quality products at highly competitive rates.
- **Problems:** More than 90% of the surveyed units face shortage of funds as a major problem in upgrading their designs, whereas about 6% of the surveyed units are unable in doing so due lack of design knowledge. Also, about 4% of the surveyed units face the problem due to resistance from labour which could be due to lack of knowledge of technical and design know-how.

Table 3.50: Reasons for upgrading design

Reason	% of units
Competitors	11.8
Changing Trends	19.6
Market demand	76.5
Low sales	21.6
Other reasons	0.0

4% who do, it is because they have made their own arrangement. About, 18% of the surveyed units are satisfied whereas about 77% of the units are not satisfied with the present water supply. The primary reasons for dissatisfaction are irregular supply duration and bad quality of water.

3.4.9 Common Facilities

- **Water Supply:** It is observed from the primary survey that about 96% of the micro (manufacturing) units do have an access to continuous water supply. The

Table 3.51: Problems faced in upgrading design

Problems	% of units
Shortage of funds	90.2
Absence of Design know-how	5.9
Resistance from labour	3.9
Other reasons	0.0
Total	100.0

- **Power Supply:** About 98% of the units agree to power being supplied to them by the state electricity agencies. Though there are frequent power cuts, about 71% of the micro units are satisfied with the condition of power supply. In the event of power cuts, the units received power through diesel generators installed at respective units.
- **Connectivity:** About 67% of the units are not satisfied with the condition of the road network whereas about 33% of the surveyed units stated condition of the roads to be satisfactory. The overall road conditions are not satisfactory and the majority of the roads need strengthening works to withstand the load of carriage vehicles.
- **Truck Parking:** From the primary survey, it is revealed that there are no major trucks parking facilities in the vicinity of these micro units. This leads to on-road parking and finally to traffic congestion. It is also revealed that about 88% of these units felt the need of truck parking facilities in the vicinity in order to overcome the above said issues.

3.4.10 Marketing

It is revealed from the primary survey that about 69% of the surveyed units' primary markets (first point of sale) in Delhi. Besides these, about 16% of the surveyed units market the manufactured goods in the markets of Ishmailpur and Kishangarh while 10% of the surveyed units market the manufactured goods in Jaipur.

- **Market:** About 98% of the manufactured products are purchased by wholesale traders. Also, about 20% of the manufactured products are directly purchased by retail consumers.
- **Mode of marketing:** It is revealed from the primary survey that almost all the surveyed units stated "Word of mouth" as the primary mode of marketing their products. Besides this, there are no other prominent modes of marketing active in the cluster.

Table 3.52: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	19.6
Wholesale trader	98.0
Exporter	0.0
Industries	2.0
Govt. Authorities	0.0

- **Problems:** About 61% of the surveyed units face shortage of funds for sale/marketing the products whereas about 10% of the surveyed units face problem due to lack of knowledge of marketing know-how. On the contrary, about 33% of the surveyed units do not face any major problems in marketing the products.

Table 3.53: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100.0
Exhibitions/ Melas	0.0
Association directory	0.0
Advertisements	0.0
E-Commerce	0.0

Table 3.54: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	60.8
Absence of Marketing know-how	9.8
Other reasons	33.3
Total	100.0

3.4.11 Support Organisations

From the primary survey, it is revealed that there are no local industrial/trade associations present in the cluster. Also, there are no technical federations or Technical institutions in the cluster. Besides these, about 14% of the surveyed units are associated with Exporters whereas about 28% of the units are associated with NGOs. It is also revealed from the primary survey that almost all the units receive support services Rural Non Farm Development Agency (RUDA) along with District Industry Centre (DIC) for labour training programmes, technological know-how on modern machinery and professional design support.

3.4.12 Evaluation of Govt. Schemes

Only 4% of the surveyed units have availed benefits from Credit Linked Capital Subsidy Scheme for Technology Upgradation whereas about 2% of the units have availed benefits from Credit Guarantee Scheme for Setting up of Unit of for Working Capital Loan. Besides these schemes, the surveyed units did not availed any benefits from any other government schemes.

3.4.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Availability of skilled manpower – Maximum units are running in houses so the total cost of the product is low 	Opportunities <ul style="list-style-type: none"> – High demand in rural areas. – Still these products are used in ritual functions
Weaknesses <ul style="list-style-type: none"> – Using old technology – Lack of marketing skills 	Threats <ul style="list-style-type: none"> – Competition with lower cost non leather shoes – New generation is not interested in this activity

3.5 Footwear Cluster, Bahadurgarh, Jhajjar:-

3.5.1 Cluster Fact Sheet:-

Bahadurgarh of Jhajjar district is a hub of footwear products in Haryana. The cluster has good regional connectivity through NH-10. The cluster is largely concentrated in the Modern INDUSTRIAL area and all the basic infrastructure facilities are well developed by Haryana State Industrial Infrastructure Development (HSIIDC). A Footwear Park is also proposed by HSIIDC in the area designated by Haryana Urban Development Area (HUDA) at a distance of 2 Km. from the existing industrial area.

The following table provides brief information of this cluster.

Table 3.55: Non Leather Footwear Cluster – Fact Sheet	
Cluster Type	Natural Cluster
Geographical Spread	Modern Industrial Area, Bahadurgarh
Rural/Urban	Urban
Approx. No. of enterprises	75
Approx % of micro manufacturing enterprises	80%
Sample Size	45
Nature of Manufacturing Activity	Shoes

3.5.2 Annual Turnover

Table 3.56: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	2.2
5-10	46.7
>10	44.4
Not Answered	6.6
Total	100.0

About 47% of the units have a turnover in the range of ₹ 5-10 Lakhs. Also, about 44% units have their turnover above ₹ 10 Lakhs whereas only 2% of the surveyed units have a turnover in the range of ₹ 5-10 Lakhs. The average turnover per unit is around ₹ 4.61 Lakhs.

Secondary study infers that the annual turnover from the existing enterprises is about ₹1.93 Crores.

3.5.3 Location Preference

The cluster is located in Bahadurgarh of Jhajjar district. The availability of industrial sheds (73%) and availability of raw material (61%) plays a crucial role in the location preference of the cluster. Also, other key factors such as connectivity and cluster benefits (43%), availability of skilled labour (36%) and physical infrastructure (23%) add to the existing location preference of these clusters. Besides these, local wage levels (16%) and along with availability of industrial infrastructure (2%), proximity to market (2%) and nearness to residence (2%) are the other supporting factors for location preference.

- Almost 59% of the surveyed units have rated the lighting conditions in their work place as 3 (on a scale of 1 to 5). Still, about 46% of the surveyed units rated the lighting conditions in the range of 1-2 (on a scale of 1 to 5).

Table 3.57: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	72.7
Availability of physical infrastructure	22.7
Connectivity	43.2
Availability of industrial infrastructure	2.3
Availability of ancillary units	0.0
Availability of raw material	61.4
Proximity to market	2.3
Availability of skilled labour	36.4
Local tax incentives	2.3
Local wage levels	15.9
Close to residence	2.3
Cluster benefits	43.2
Easy availability of credit	0.0
Any other	0.0
* This was a multiple answer question, the total may add up to more than 100%	

- Almost 93% of the surveyed units have rated the space availability in their working place as 5 (on a scale of 1 to 5) and about 2% of the units have rated the space availability as 4.

- About 22% of the surveyed units are highly satisfied with the hygiene conditions in their working place and have rated the hygiene conditions as 4 (on a scale of 1 to 5) whereas about 16% of the surveyed units have rated the hygiene conditions as 5. Also, about 13% of the surveyed units have rated the hygiene conditions as 3. Still, about 49% of the surveyed units have rate the hygiene conditions in the range of 1-2. This indicates that the hygiene conditions merely meet its satisfactory levels.

- About 47% of the surveyed units felt that the cluster as highly secure in terms of Safety issues and have rated the working place safety as 5 whereas about 44% of the surveyed units rated the working place safety in the range of 3-4 (on a scale of 1 to 5). This indicates that the cluster is highly safe and there seems no safety related

issues in the cluster.

3.5.4 Manpower Availability

It is revealed from the primary survey that about 65% of the units employ in the range of 1-5 workers (on payroll) whereas about 26% of the units employ in the range of 6-10 workers. Only, about 2% of the surveyed units employ more than 15 workers. The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and also their wage levels. These labours are either family members or employed workers.

- **Skill:** From the primary survey, it is observed that around 22% of the manufacturing units have 4 skilled workers; about 14% of the surveyed units either have 3 or 5 skilled workers and about 12% units either have 2 or 6 skilled workers. Besides these, about 20% of the units have 1-2 skilled workers in their personnel strength. Only, about 2% of the surveyed units have 20 skilled workers in their personnel strength.

Table 3.58: Total employees	
Employees on Payroll (In Nos.)	Respondents (%)
1-5	6.7
6-10	20.0
11-15	22.2
>15	46.7
Not answered	4.4
Total	100

- **Problems:** It is observed from the primary survey, that about 81% of the surveyed units face shortage of funds in availability of skilled labours as well as upgradation of employees. Also, about 10% of the manufacturing units face problem of high attrition of skilled labour. But, about 12% of the manufacturing units do not face major problem in availability of skilled labour.

- **Support:** About 55% of the units trust the

government organisations while about 10% of the units trust private institutes for providing trained resources and skill upgradation. Also, it is revealed that only 2% of the surveyed units trust local industrial associations for procuring best trained resources. But, about 28% of the surveyed units are uncertain to trust any of these authorities. This indicates the need for aggressive awareness programmes for training and skill upgradation activities.

3.5.5 Raw Material Availability

Leather, Non leather and pasting material are the main raw material for the industry.

- **Proximity:** Enterprises are procuring raw material from Delhi and Bahadurgarh. Delhi has a significant role for development of this cluster. Majority of the enterprises get their required material from Delhi at the good rate. Also it fulfils easily availability of all kind of raw material.
- **Procurement:** The main mode for procurement of raw material is through agents (42%) and 42% of the units are getting through bulk supplier while 13% procure directly.
- **Costs:** 40% told for the high cost of transportation is a major problem in raw material procurement while 78% of the units facing high cost of raw material.
- **Support:** 52% units are not aware about the responsible organisation for helping them, 16% of the units have trust on government organisations.

3.5.6 Finance/ Credit Availability

Very less units (33%) have availed the term loan facility.

Table 3.4: Credit facilities	
	% of units
Availed Credit Facilities	33.3
Not availed Credit Facilities	66.7
Total	100.0

Source: Out of 15 units 67% has taken from government authority through bank under a scheme is the main source while 33% units has taken credit from government authority directly under a scheme

- **Problems:** It has found that more of the micro enterprises have not approached financial institutions so they have no idea about the real problems.

Table 3.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	15.6
Lengthy process	6.7
Untimely disbursement of funds	0
Unsuitable repayment schedules	4.4
Delay in sanction	2.2
Strict Eligibility Condition	8.9
Other problems	0
No problems	73.3

Local banks told that many micro enterprises have used their money for other than industry purposes. Even banks are trying to make awareness among them for better utilisation of money and repayment schedules.

3.5.7 Technology Upgradation

78% of the units felt that there is need of technology upgradation. The entrepreneurs are aware and have understanding of new technology. 69% of the units expressed that new technology will help them in quality improvement while 66% units felt that it reduces the waste in manufacturing process.

Table 3.59: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	77.8
Units who did not feel the need for upgradation	22.2
Total	100.0%

- **Problems in Upgradation:** 62% units are facing short of funds as a major problem for upgradation of their machines.
- **Support:** 29% have trust to government organisation for upgrading the technology while 48% have no knowledge about the responsible organisation for the same.

Enterprises told that they are using old technology in comparison to China. New technology will help them to stand in the market by better quality at low price.

3.5.8 Design and Development

Table 3.60: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	62.2
Problems of R&M	2.2
Absence of Technical Know-how	4.4
Unavailability of domestic market	4.4
Unskilled labour	4.4
Resistance from labour	0
Other Reasons	26.7

Table 3.61: Need for upgradation	
Reason for need	% of units
Competitors	8.6
Reduction in waste	65.7
Market Demand	14.3
Quality Improvement	68.6
Large Orders	14.3
Pollution Control	8.6
Availability of Better Technology	20.0
Other Reasons	2.9

Table 3.62: Upgradation of design	
Frequency of changing design	% of units
0-3 months	57.8
3-6 months	37.8
>6 months	4.4
Not Answered	0
Total	100.00

Almost 58% of the units used to change their design within 3 months while around 38% units changes between 3 to 6 months.

- **Need and Problems:** 100% of the units need to change their design due to market demand. They told that market demand is guided by the changing trend in the society and competition from the competitors. 50% of the units face short of fund for the upgradation of design. Around 14% of the units have absence of new designs. It is found particularly to those units which are providing job work to the big units.

3.5.9 Common Facilities

- **Water Supply:** Availability of water is a concern in Bahadurgarh. Industrial area gets

Table 3.63: Reasons for upgrading design		Table 3.64: Problems faced in upgrading design	
Reason	% of units	Problems	% of units
Competitors	31.1	Shortage of funds	50.0
Changing Trends	68.9	Absence of Design know-how	13.6
Market demand	100.0	Resistance from labour	4.5
Low sales	0	Other reasons	34.1
Other reasons	0	Total	100

water supply only 6 hr. Modern industrial Area is divided into two parts. Both parts are getting water supply from local booster. This booster is supply water to other parts of Bahadurgarh which is out of the industrial area.

- **Power Supply:** Enterprises are not getting regular power supply. More than 36% of the units told that power supply is satisfactory while around 36% told that it is not satisfactory.
- Bahadurgarh has a good connectivity by road as it is situated on NH 10. The internal roads are found broken and water logged. Water logging is a very common in this industrial area. There is a proper parking place in the industrial area but parking along the road side is very common in industrial area.

The Bahadurgarh Chamber of Commerce and Industries informs us that the condition of the roads is so poor due to water logging. The drainage and sewerage system is not properly maintained. There is no solid waste management system which is must. While government officials told that units are used to drain their solid waste in to the drainage chamber. This is the main cause for the blockage of the drains.

3.5.10 Marketing

- **Consumers:** Majority of units sold their product in NCR only. Delhi has the major stake of

Table 3.65: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	11.1
Wholesale trader	82.2
Exporter	8.9
Industries	11.1
Govt. Authorities	0
Total	100

the product. Majority of the units (82%) sold to wholesale traders while 11% gives to exporters.

Table 3.66: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	11.6%
Absence of Marketing know-how	11.6%
Other reasons	76.7%
Total	100%

Table 3.67: Modes of marketing	
Major means of marketing	% of units
Word of mouth	88.6%
Exhibitions/ Melas	6.8%
Association directory	6.8%
Advertisements	6.8%
E-Commerce	4.5%
Other means of marketing	.0%

- **Mode of marketing:** 89% of the total units depend upon the word of mouth for marketing their products. The units are also getting benefit of exhibitions/Melas, advertisements and website for their marketing.

■ Support Organisations

Bahadurgarh Chamber of Commerce and Industry plays major role for the development of the industrial activity in Bahadurgarh. It organises seminars and meeting in Bahadurgarh.

3.5.11 Evaluation of Govt. Schemes

40% of the enterprises are aware about the Prime Minister's Employment Generation Programme. 5% of the units are aware about the Marketing Assistance and Export Promotion Scheme

3.5.12 SWOT Analysis


Strengths <ul style="list-style-type: none">– Taking advantage of industrial area.– Availability of skilled manpower– Nearness to market and raw material	Opportunities <ul style="list-style-type: none">– Large market and growing demand– New Foot park is coming up–
Weaknesses <ul style="list-style-type: none">– Lack of infrastructure facility	Threats <ul style="list-style-type: none">– Facing tough competition from China in domestic market.

4. Cluster Reports- NIC Code 20

4.1 Furniture cluster, Kirtinagar, District West Delhi

4.1.1 Cluster Fact Sheet:-

In Delhi, one of the most well-known furniture markets is located at Kirti Nagar at West Delhi District. The market specialises in wood and metal based furniture from tables, chairs, beds, sofas, cupboards and other type of furniture. In the year 1975, the Government had set up this cluster of craftsmen at Kirti Nagar wherein *sagwan* wood grew in abundance. This also ensured proper settlement/relocation of wood based enterprises from all parts of Delhi. This is an approved furniture cluster by Ministry of Small and Medium Enterprises (MSME). Furniture manufacturing units are concentrated in Block A & B and next to the *Choona Bhatti* area of Kirti Nagar.

Table 4.1: Furniture cluster - Fact sheet		
Natural/Artificial	Natural	
Geographical Spread	Kirti Nagar Block A & B and near to the Choona Bhatti	
Rural/Urban	Urban	
Approx. No. of enterprises	550	
Approx % of micro manufacturing enterprises	90	
Nature of Manufacturing Activity	All kind of wooden furniture	
Legal Status as per National Capital Region Plan/MPD2021/Other local area development plan	Approved Industrial Area	

4.1.2 Annual Turnover

Table 4.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
1-5	55.3
5-10	26.8
>10	17.5

Out of 56 enterprises total turn over of 55.3% of the units are around ₹ 1 to ₹ 5 lakh per annum. 26.8% of the units have annual turn over between ₹ 5 to ₹10 lakhs and 17.5% units have annual turn over is more than ₹10 lakhs.

4.1.3 Location Preference

98.2% responses preferred availability of raw material was the main reason for establishing unit at this location while 52.7% has given preference to the availability of skilled labour. Units with 47.3% has selected availability of industrial sheds had taken location advantages at the same time 43.3% selected this area for nearness to their residence.

- 98 % of total 56 units were satisfied with the lighting conditions in the units. 93% of total units were happy with the power supply.

- Majority of the total units were satisfied with the space availability while discussion with local association reveals that they require more space.
- 66% of the total industries were happy with the hygiene condition in the area while 25% had marked average. 53.6% units stated good cleanness of the area.
- Safety was not a big issue as 74.4% of the total units were satisfied with it.

4.1.4 Manpower Availability

According to the primary survey, manpower was easily available in this industry but now a days they are facing migration of skilled man power. More than half of the units are facing any problem related with availing of labour.

- **Employee size:** 55% of the units have between 0-5 employees. 23 have between 6 -10 employees on their payroll.
- **Problems:** 48.2% of the units have no problems in availability of skilled employees/skill upgradation of employees while 30% of the units are facing non availability of required course for skilled employees.

Table 4.3: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	31
6-10	13
11-15	5
>15	7
Total	56

- Support: 41% units dont know whom you trust to make available the best trained resources while 23% trust local industrial associations for the same

There is no training centre for skill upgradation of the employees in Kirti Nagar. This industrial area getting benefits of location of nearness to Delhi from where they get trained employee and new designs. During discussion with local industry association there is migration trend of

skilled labourers to South India. It is because of more wok and more saving than Delhi.

4.1.5 Raw Material Availability

Wood is the principle raw materials for this Cluster.

- **Proximity:** 57% of the units are able to procure their raw material from Delhi itself. They are procuring raw material from Delhi based wholesalers.
- **Procurement:** 51% of the units get their raw material directly, while rest of them with any help from agents or bulk suppliers.
- **Costs:** 53 % of the units facing high cost of raw material procurement.
- **Support:** almost 39% of the units don't know whom they have to trust to help them in raw material procurement.

4.1.6 Finance/ Credit Availability

89% off the surveyed units had not availed any credit facilities.

Table 4.4: Credit facilities	
	% of units
Availed Credit Facilities	10.7
Not availed Credit Facilities	89.3
Total	100.0

- **Source:** Out of the 6 units who had availed credit facilities, 5 units was the sourced of credit facilities through Government authority.
- **Problems:** 54% of the units have no problems in availing credit/finance while 39% told about the high interest rate was

the problem.

- **Working Capital Loans:** 87.5% of the units had not availed working capital loans whereas only 7% availed this facility.

Table 4.5: Problems faced in availing credit

Problem	% of units facing problem
High interest rate	39.3
Lengthy process	12.5
Untimely disbursement of funds	.0
Unsuitable repayment schedules	.0
Delay in sanction	1.8
Strict Eligibility Condition	1.8
Other problems	1.8
No problems	53.5

It has been found that majority of the units have no financial problems and they solve at their individual level if there is. 39.3% of the units told about the high interest rate is one of the major issue to take credit facility.

At the same time financial institutions do not agree with the high interest rate as it is already at the minimum level.

Table 4.4: Need for technology upgradation

	% of units
Units who felt the need for technology upgradation	62.5
Units who did not feel the need for upgradation	37.5
Total	100.0%

upgradation of technology

4.1.7 Technology Upgradation

- **Need:** 62% of the units felt the need for technology upgradation.
- **Problems in upgradation:** 67% of units are not able to upgrade their tools due to other reasons. while 31% facing short of funds
- **Support:** 41% have trust to local industrial associations to help them in upgrading the technology while 30% did not know whom to trust in

4.1.8 Design and Development

Almost 73% of the units used to change their design within 3 months. It is due to the market demand to attract the people.

- **Need:** market demand is the major cause for upgradation in design. 77% of the units are following this reason.
- **Support:** 93% off these units changed

Table 4.6: Need for upgradation

Reason for need	% of units
Competitors	32.4
Reduction in waste	52.9
Cost ineffectiveness	5.9
Quality Improvement	11.8
Large Orders	5.9
Pollution Control	.0
Availability of Better Technology	11.8
Other Reasons	.0

Table 4.5: Problems faced in upgradation

Problems faced in upgradation	% of units
Shortage of funds	30.8
Problems of R&M	.0
Absence of Technical Know-how	1.9
Unavailability of domestic market	1.9
Unskilled labour	.0
Resistance from labour	.0
Other Reasons	67.3

this design by themselves.

Table 4.7: Upgradation of design

Frequency of changing design	% of units
0-3 months	73.21
3-6 months	17.86
6-9 months	4
9-12 months	4
> 12 months	2
Total	100.0

Table 4.8: Reasons for upgrading design	
Reason	% of units
Competitors	35.7
Changing Trends	21.4
Market demand	76.8
Low sales	.0
Other reasons	1.8

power tariff is high. Industries should be given power at lower cost for the development of industry.

- **Telecommunication:** The telecommunication provider being private the units are satisfied with the service provided.
- **Truck Parking:** The existing parking is now not able to accommodate the entire vehicles moving in inside the area. Trucks and small carriers have been parked along the road side.
- **Other facilities:** there is lack of training facility & exhibition centre in the area.

4.1.10 Marketing

Table 4.10: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	73.2
Wholesale trader	55.4
Exporter	.0
Industries	.0
Govt. Authorities	1.8
Total	100

4.1.9 Common Facilities

- **Water Supply:** Water is being supplied to these units by the Delhi Jal Board. It is not a major issue in Kirti Nagar
- **Power Supply:** there is general complained from the enterprises that

Table 4.9: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	34.0
Absence of Design know-how	6.4
Resistance from labour	.0
Other reasons	61.7
Total	100

- **Market:** Maximum units are sealing their products in NCR. Also there are some retail units inside the area so they used to sale to them.
- **Consumers:** 73% of the units sale to retail consumers while 55.4% sale to wholesalers.

Table 4.11: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100.0
Exhibitions/ Melas	.0
Association directory	.0
Advertisements	.0
E-Commerce	.0

Table 4.12: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	34.5
Absence of Marketing know-how	1.8
Other reasons	65.5
Total	100

- **Mode of marketing:** Most of them depend upon the word of mouth for marketing their products.

4.1.11 Support Organisations

This area was provided by DDA and all infrastructure facilities are supported by concerned govt agencies. The local Industrial Association helps to raise the problems and concerns before the intervening authority.

4.1.12 Evaluation of Govt. Schemes

Very less units have knowledge about the govt. scheme. Despite having their units in national capital owners are not aware about any govt. scheme and even they have less interest about it.


4.1.13 SWOT Analysis

Strengths <ul style="list-style-type: none">– Nearness to the large market like Delhi– Unit owners are aware & well qualified in terms of management & marketing	Opportunities <ul style="list-style-type: none">– Market all over North India– Demand of wooden articles are high due to durability and aesthetic values
Weaknesses <ul style="list-style-type: none">– Less scope of expansion of industry	Threats <ul style="list-style-type: none">– Due to high cost of wooden furniture people prefer to use plastic made items– Shortage of Raw Material– Migration of skilled manpower

4.2 Modha Cluster, Garh Mukteshwar, District Ghaziabad

4.2.1 Cluster Fact Sheet:-

Garh Mukteshwar lies towards the north of Ghaziabad District on the *ghats* of river Ganga. Apart from tourism, *modha* making or manufacturing cane furniture is another important economic activity. There are more than hundred such enterprises that are producing cane furniture within or very close to their residences. The enterprises in this cluster can be classified as household and has been declared as a Natural Cluster by the District Industries Centre, Ghaziabad.

Table 4.13: Modha Cluster- Fact sheet		
Cluster Type	Natural	
Geographical Spread	Village Garh Mukteshwar, Distt. Ghaziabad, Uttar Pradesh	
Rural/Urban	Rural	
Approx. No. of enterprises	>100	
Approx % of micro manufacturing enterprises	100%	
Nature of Manufacturing Activity	Mfg. of Wood and Wood Products	

4.2.2 Annual Turnover

Table 4.14: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-2	69.8
2-3	22.6
Not answered	7.5

Out of the 53 micro enterprises surveyed, approx. 70% of the enterprises admitted to having an annual turnover between ₹ 1 Lakh and ₹ 2 Lakhs while 30% of the enterprises admitted to having a turnover of between ₹ 2 and ₹ 3 Lakhs.

From this information we can conclude that the annual turnover of the cluster would work out to be approximately ₹ 200 Lakhs, the avg. annual

turnover being ₹ 2 Lakhs per enterprise.

4.2.3 Location Preference

98% of the total sample preferred to set up the enterprises in this location due to the availability of raw material in the vicinity and easy availability of skilled labour. 51% of the enterprises also preferred this location due to its nearness to their residence and 47% of the enterprises also admitted to proximity to the market being another factor. ***Therefore we may conclude that for this cluster, availability of raw material, easy availability of skilled labour, nearness to residence and proximity to market are the four major factors for location preference.***

When the enterprises were asked to express their satisfaction regarding their working conditions, the following were perceptions gathered.

- Over 90% of the enterprises expressed dissatisfaction with the lighting conditions in the enterprises, of which 49% rate it as 1 (on a scale of 1-5 where 1 is the lowest). Amongst the dissatisfied enterprises, almost 98% of the enterprises said they were not happy with the lighting conditions in their enterprises due to the problem of power cuts.
- 79% of the total enterprises surveyed were satisfied with the space availability (59% having rated it 4 and 20% having rated it 5).
- Approx. 65% of the enterprises were unhappy with the cleanliness and hygiene conditions in their respective enterprises (34% having rated it 1 and 30% having rated it 2) and 75% of the dissatisfied enterprises stated that the reason for unhygienic conditions is absence of periodic cleaning.
- More than 70% of the enterprises felt a lack of safety in their working space (38% having rated safety as 1, 23% having rated it 2 and 10% having rated it 3).

We found during field visits that most of the work done is outside in the open where daylight is available and the enterprise is used as a storage space for raw material and finished products.

4.2.4 Manpower Availability

According to the primary survey, manpower is easily available in the vicinity for this particular trade. More than half the enterprises did not face any problem in the hiring of labour.

- **Employee size:** 78% of the enterprises have between 0-5 employees whereas 17% have between 6 -10 employees on their payroll, the remaining responses being insignificant. All the enterprises have conceded that skilled labour is available in the market.
- **Problems:** 26% of the enterprises said they are unable to employ skilled labour or provide skill upgradation due to shortage of funds. 20% of the enterprises said they face a problem of high rate of attrition amongst skilled workers- if the labour finds that another enterprise is ready to pay a higher daily wage they shift.

Table 4.15: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	77.4
6-10	17.0
11-15	3.8
>15	1.9
Total	100.0

- **Support:** 43% of the enterprises trusted the government organisations to make available to them the best trained resources, 57% did not know whom to trust.

No training centres are present at Garh Mukteshwar which can provide the required technical know how and help in skill upgradation. This was vetted during the primary survey where 81% of the enterprises denied the presence of such institutes. The association felt the presence of such an institute would help the enterprises to come up with better products.

4.2.5 Raw Material Availability

Cane and Bamboo are the principle raw materials for this Cluster. The field survey has revealed the following key points regarding raw material availability;

- **Proximity:** All the enterprises (100%) are able to procure their raw material from Garh Mukteshwar itself. The raw material being cane and bamboo comes from the forests in the vicinity.
- **Procurement:** 98% off these enterprises get their raw material directly, without any help from agents or bulk suppliers.
- **Costs:** All the enterprises agreed to the cost of the raw material being high as a problem off which 96% said that fluctuating costs was also a problem faced by them. The raw material has become more expensive in the past few years.
- **Support:** Almost 85% of the enterprises trusted the government organisations over associations and private institutions in providing help for procurement of raw material.

There is no raw material bank present in the vicinity. Majority of the enterprises do not feel the requirement of such a bank either. However, the association opined that the presence of such a bank would help procure raw material easily and at reasonable rates.

4.2.6 Finance/ Credit Availability

92.5% off the surveyed enterprises (48 out of 53) had not availed any credit facilities.

Table 4.16: Credit facilities	
	Respondents (%)
Availed Credit Facilities	7.5
Not availed Credit Facilities	92.5
Total	100.0

- **Source:** Out of the 5 who had availed credit facilities, 2 had availed it under a government scheme from the banks.
 - **Problems:** Almost 36% off the enterprises stated high interest rates and strict eligibility conditions as the reason for not availing credit. All the five enterprises that availed credit faced the problem of high rates of interest and strict eligibility. Two of them also felt that the process for availing these facilities was very long. The processing period of a bank being so long, the enterprises are not able to get the money when they require it, thus, they prefer the private money lenders over banks.
 - **Working Capital Loans:** 87% off the enterprises had not availed working capital loans, stating the reason as it being not available whereas 7.5% had availed this facility. This brings forward that a majority of the enterprises are unaware of the various loans/ schemes available to them.
- A major issue that came forward when talking to the association was that the enterprises could approach banks for credit only in the presence of an agent. Thus the interest they pay is around 13.5% per annum against the 12% charged by the bank.***

The banks and financial institutions also face trouble in providing credit facilities to these enterprises as they are unable to provide any collateral. According to them, majority of the artisans avail government loans for setting up enterprises, however end up using the money for personal purposes.

Table 4.17: : Problems faced in availing credit

Problem	% of enterprises facing problem
High interest rate	9.4
Lengthy process	3.8
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	0
Strict Eligibility Condition	9.4
Other problems	0

Table 4.18: : Need for technology upgradation

	Respondents (%)
Enterprises who felt the need for technology upgradation	98
Enterprises who did not feel the need for upgradation	2
Total	100.0

85% of the enterprises said that there are no testing centres in Garh Mukteshwar and 91% of the enterprises also said that no R&D facilities were present in this cluster. The enterprises did not feel the need for these either.

4.2.8 Design and Development

All the enterprises changed their designs

Table 4.20: Need for upgradation

Reason for need	Respondents (%)
Competitors	100
Reduction in waste	6.4
Cost ineffectiveness	6.4
Quality Improvement	2.1
Large Orders	27.7
Pollution Control	4.3
Availability of Better Technology	0
Other Reasons	0

once in 6 months, with 60% changing it every

4.2.7 Technology Upgradation

Most of the *modha* making process is manual. However, the primary survey revealed that 98% of enterprises felt the need for upgradation of the machine tools/ technology.

- **Need:** 100% of the enterprises felt this need due to the competition in the market, 27% felt this need also due to large orders being placed.
- **Problems in upgradation:** Almost 92% of the enterprises have not upgraded their tools due to shortage of funds.
- **Support:** Where 64% of the enterprises did not know whom to trust in upgradation of technology, 36% trusted the government organisations to help them with this.

Table 4.19: Problems faced in upgradation

Problems faced in upgradation	Respondents (%)
Shortage of funds	91.7
Problems of R&M	0
Absence of Technical Know-how	4.2
Unavailability of domestic market	0
Unskilled labour	2.1
Resistance from labour	0
Other Reasons	0

Table 4.21: Upgradation of design

Frequency of changing design	Respondents (%)
0-3 months	69.8
3-6 months	30.2
6-9 months	0
9-12 months	0
> 12 months	0
Total	100.0

3 months. However, these enterprises made minor modifications in the designs.

- **Need:** Where all of them agreed that the design is changed based on the market demands, 49% off them also gave credit to their competitors for changing the design.
- **Support:** 98% off these enterprises changed this design by themselves.

Table 4.22: Reasons for upgrading design	
Reason	Respondents (%)
Competitors	49.1
Changing Trends	0
Market demand	100.0
Low sales	0
Other reasons	0

support to the enterprises. Majority of the enterprises are also unaware of its presence.

4.2.9 Common Facilities

- **Water Supply:** Water is being supplied to these enterprises by the state government on a regular basis for 2 hours daily. The enterprises do not require them for industrial purposes but only for drinking purpose. They are satisfied with the water being supplied.
- **Power Supply:** Power is being supplied by the Uttar Pradesh Power Corporation Ltd. The power supply is contained to only 8 hours in a day which affects the water supply in return. On further enquiry, it was found that in Uttar Pradesh, supply to villages was contained to a maximum of 8 hours a day. Shortage of supply and lower tariffs was a reason for this. The villagers are charged a fixed amount of Rs. 300/ 2 months. Since the enterprises are household enterprises, having a domestic connection this regulation is followed. However, the issue faced is that, the 8 hour supply is also not continuous and there are no fixed timings for power cuts.
- **Telecommunication:** The telecommunication provider being private the enterprises are satisfied with the service provided.
- **Truck Parking:** No common truck parking is present for these enterprises. However, majority of the enterprises did not feel the requirement of this. The reason could be because the enterprises are spread over a large area all over Garh Mukteshwar. The trucks park in front of the enterprises whenever required.
- **Other facilities:** Production centre, warehouses, first aid centres or canteens are also not present in this area. Almost none of the enterprises felt the requirement for these.

The District Industries Centre has initiated a design centre 'Modha Hastshilp Takniki Unnayan Sansthan'. However, as per the association this institute has not provided any kind of

Table 4.23: Problems faced in upgrading design	
Problems	Respondents (%)
Shortage of funds	7.7
Absence of Design know-how	0
Resistance from labour	0
Other reasons	92.3
Total	100

Though this industry does not need power supply for their manufacturing process, the continuous supply of the same at least during the day time would certainly enable them to produce better products. In discussion with the association we inferred that

the presence of power supply would help them upgrade their technology to a certain extent.

4.2.10 Marketing

Table 4.24: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	83.0
Wholesale trader	18.9
Exporter	7.5
Industries	0
Govt. Authorities	0
Total	100

- **Market:** For all the enterprises the first point of sale is at *Garh* itself. The traders generally place orders and come and buy the products in bulk from these enterprises for sale in Rajasthan, Delhi, Uttar Pradesh, Haryana etc.
- **Consumers:** These people generally cater to the retail consumers. 83% of the enterprises make their products for retail

consumption. Very few enterprises sell their products to exporters for overseas sale. These exporters are based in Moradabad, Delhi etc.

Table 4.25: Modes of marketing	
Major means of marketing	Respondents (%)
Word of mouth	100.0
Exhibitions/ Melas	3.8
Association directory	0
Advertisements	0
E-Commerce	0

Table 4.26: Problems faced in marketing	
Problems faced in marketing	Respondents (%)
Shortage of funds	9.6
Absence of Marketing know-how	0
Other reasons	90.4
Total	100

- **Mode of marketing:** Most of them depend upon the word of mouth for marketing their products. Very few display their products at exhibitions or *melas*.

The major point of sale for most enterprises is at Garh where the traders buy it from them for further sale. If enabled to sell directly in markets all over North India, the enterprises, designs, products and quality will improve accordingly. The association also felt that with the help of government support in marketing, in the form of stalls at subsidised rates in exhibitions etc., quality improvement centres/ testing centres etc, would strengthen the industry.

4.2.11 Support Organisations

Industrial associations are present, however, they are informal in nature where a few owners in the vicinity come together and discuss problems. None of the enterprises are associated with a formalised industrial association or exporter. This cluster is not associated with any technical institute, NGO or any other similar organisation.

The District Industries Centre has initiated a design centre 'Modha Hastshilp Takniki Unnayan Sansthan'. The function of this is to provide support in terms of design development and design related guidance to the *modha* making industry.

4.2.12 Evaluation of Govt. Schemes

None of the enterprises were aware of any of the schemes that have been brought out by the government for their benefits. They are also resistant to these schemes and are of the opinion that the schemes are only theoretical and they are not user friendly. Their constant complains being no awareness was provided regarding these schemes.

4.2.13 SWOT Analysis


Strengths <ul style="list-style-type: none"> – Presence of a Design Centre – Connectivity to all major urban centres- Meerut, Mujaffarnagar, Delhi 	Opportunities <ul style="list-style-type: none"> – Market all over North India – High potential through product diversification innovation and new applications. – Few enterprises have started participating at national level exhibitions. – Falls on tourist circuit – Scope for technology and design up gradation to develop innovative products
Weaknesses <ul style="list-style-type: none"> – Erratic power supply – Unawareness about credit facilities and available financial supports – Absence of effective market research 	Threats <ul style="list-style-type: none"> – Lack of technical Know-how. – Shortage of Raw Material in future- as it is a natural resource – Absence of R & D for value added products to explore new markets.

4.3 Furniture Cluster, GautamBudh Nagar

4.3.1 Cluster Fact Sheet:-

The furniture market in NOIDA is situated in Sectors 8, 9 and 10 and is commonly known as the Bans Bali Market. The enterprises here have encroached upon government land and the authority has made a number of attempts to evict them.

There are more than 50 enterprises, all lying within a radius of 2 to 3 kms. This satisfies the definition of a cluster, however it has **not been declared as a cluster** yet.

Table 4.27: Furniture Cluster – Fact sheet		
Cluster Type	Natural Cluster	
Geographical Spread	Sector 8, 9 & 10, Bans Bali Market; NOIDA; District GautamBudh Nagar	
Rural/Urban	Urban	
Approx. No. of enterprises	>50	
Approx % of micro manufacturing enterprises	100%	
Nature of Manufacturing Activity	Manufacture of furniture and other n.e.c. (NIC Code 46)	

4.3.2 Annual Turnover

Table 4.28: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
< 1	26.4
1-2	24.5
2-3	32.1
3-4	7.5
4-5	3.8
>5	5.7
Total	100

Above 70% of the enterprises have a turnover higher than ₹ 1 Lakh. 32.1% have their turnover between ₹ 2 – 3 Lakhs. The average turnover per enterprise can be safely considered to be around ₹ 3 Lakhs – which would imply that the annual turnover of the cluster could be safely assumed to be between ₹ 10 -12 Crores.

4.3.3 Location Preference

Approximately 80% of the enterprises chose to set the enterprises at the current location due to its nearness to their residence.

More than 50% also attributed their choice to availability of raw material and 40% due to availability of skilled labour near this location. 44% also gave credit to the presence of all the enterprises in the vicinity and more than 35% gave credit to the good connectivity in terms of roads.

Table 4.29: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	13.5
Availability of physical infrastructure	0
Connectivity	38.5
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	53.8
Proximity to market	19.2
Availability of skilled labour	44.2
Local tax incentives	0
Local wage levels	3.8
Close to residence	80.8
Cluster benefits	44.2
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

During the primary survey, all the enterprises have rated all the aspects of lighting, space, hygiene and safety as moderately to highly satisfactory. Whereas the observation made during site reconnaissance showed a completely different picture. The enterprises have been set up on the main roads of these sectors and the making of furniture is taking place outside the unit in the open. Also the hygiene conditions are very poor.

On further deliberation, the association clarified this, by informing that the reason for this information could be the fear that the survey is being undertaken by government authorities in order to evict them.

4.3.4 Manpower Availability

Most of these enterprises have been set up by or employs workers from Bihar. A shortage of labour has been noticed in the past few years due to the policy level changes taking place in Bihar- due to which the workers are migrating back. These enterprises do not need to employ skilled workers – the unskilled workers develop the skills within 2 or 3 months of working.

Table 4.30: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	98.1
6-10	1.9
11-15	0
>15	0
Total	100

- **Employee size:** Almost 98% of the enterprises employ between 0 to 5 workers in their enterprises. Many of these people engaged in manufacturing are from within their families.

- **Problems:** Above 50% of the enterprises face a major problem of shortage of funds in employing skilled labour or upgrading the skills. The rest of the enterprises do not find any problem related to manpower.
- **Support:** Only 50% of the enterprises trusted that the government could provide some support to them related to manpower. The rest did not know whom they could trust for this.

The association opined that skilled labour is not a pre-condition for this cluster. The work is such that the workers learn quickly and in one month an unskilled worker can become a skilled worker.

4.3.5 Raw Material Availability

- **Proximity:** Majority of the enterprises procure raw material from the vicinity itself. They procure raw material in small quantities as they lack storage space. 98% of the enterprises said they procured material from within NOIDA itself.
- **Procurement:** 88% of the enterprises procured raw material with the help of agents. While the remaining did so directly.
- **Costs:** Almost 90% of the enterprises agreed to the cost of the raw material being high, of which 15% also considered fluctuation in prices as a major issue. Almost 10% also found the cost of transporting the raw material to their enterprises to be high. A few also mentioned that high taxes had to be paid in case raw material was to be procured from outside.

On discussion with the association, it was found that the enterprises transport raw material in small quantities in rickshaws or two-wheelers. They also procure low quality raw material from the vicinity instead of better raw material from the adjacent cities – the reason for this is that on the border they face a lot of police harassment. The association also seconded the enterprises in lack of storage space. The association thinks that if the government legalises their market – the best support they could extend is a raw material bank.

4.3.6 Finance/ Credit Availability

Table 4.31: Problems faced in availing credit	
Problem	Respondents (%)
High interest rate	34
Lengthy process	5.7
Untimely disbursement of funds	0
Unsuitable repayment schedules	28.3
Delay in sanction	3.8
Strict Eligibility Condition	32.1
Other problems (Need to give commission to agent)	0
No problems	34
* This was a multiple answer question, the total may add up to more than 100%	

Almost 96% of the enterprises have not availed credit facilities from any source. Only 2 enterprises admitted to have availed credit. Out of the 2, only 1 had availed it from a bank, the remaining enterprise had taken loan from a private money lender. The association informed us that the enterprises took loans, but only from money lenders.

- **Problems:** 34% of the enterprises have blamed the high interest rates, where 32% have blamed strict eligibility conditions. 28% of the enterprises also identified the problem as unsuitable repayment schedules. Almost

6% also blamed the lengthy processing time in the banks.

The association came up with another reason; the enterprises have encroached upon the government land and are considered as illegal. Due to this the banks do not sanction loans to them.

4.3.7 Technology Upgradation

- **Need:** From the primary survey it was revealed that majority of the enterprises did not feel the requirement of upgradation in technology. Only around 25% felt the requirement of technology upgradation, whereas 75% did not feel the requirement for it.

The association also could not relate to the requirement of technology upgradation in manufacturing of furniture as they had to produce only for the local market.

Table 4.32: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	26.4
Enterprises who did not feel the need for upgradation	73.6
Total	100

- **Problems in upgradation:** Out of the 14 enterprises that felt the need for upgradation of technology, 100% of the enterprises felt this need due to the market competition. Around 15% also felt the need for upgradation of technology due to its availability and due to the larger orders being placed with them.

Table 4.33: Need for upgradation	
Reason for need	Respondents (%)
Competitors	100
Reduction in waste	0
Cost ineffectiveness	0
Quality Improvement	7.7
Large Orders	15.4
Pollution Control	0
Availability of Better Technology	15.4
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 4.34: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	51.9
Problems of R&M	3.8
Absence of Technical Know-how	15.4
Unavailability of domestic market	0
Unskilled labour	1.9
Resistance from labour	0
Other Reasons	38.5
Not answered	0
* This was a multiple answer question, the total may add up to more than 100%	

4.3.8 Design and Development

Majority (~80%) of the enterprises change their designs within a span of 0 to 3 months. In the furniture industry, designs keep changing with the orders placed by the client as per their demand. Where more than 75% attributed the need for change to the market demand or client specifications 43% attributed the need to the competition faced by them.

- **Problems:** 41% of the enterprises face a shortage of funds in design development while 20% of them lack design know-how. The remaining did not specify any major issue as such.

4.3.9 Common Facilities

Table 4.35: Reasons for upgrading design	
Reason	% of enterprises
Competitors	43.1
Changing Trends	0
Market demand	76.5
Low sales	0
Other reasons (no need)	15.7
* This was a multiple answer question, the total may add up to more than 100%	

- **Power Supply:** Majority of the enterprises agree to power being supplied to their cluster. However, the association says that the enterprises have not availed any power supply facility. i) Because they have illegally occupied the land and ii) Because they have to pay very high tariffs as they cannot avail the subsidies given to industry due to their illegal status.
- **Connectivity:** Almost 90% of the enterprises agreed to having good connectivity through roads. However when seen on ground, though good roads are present most of these have been encroached upon by these enterprises. These enterprises store their raw material and finished goods on these roads as they have no storage space or warehouses. This leads to extreme congestion on the roads.
- **Truck Parking:** Truck parking facilities are not available in this cluster. These enterprises do not transport raw material or finished goods by trucks.
- **Other facilities:** None of the common facilities are present in this cluster. Though they feel the requirement they are not able to work for it because of their legal status.

- **Water Supply:** 98% of the enterprises said that water supply is available in the cluster as per the standard supply norms applicable. However this industry does not require water for the manufacturing process. The enterprises are also satisfied with the water supplied to them.

Table 4.36: Upgradation of design	
Frequency of changing design	% of enterprises
0-3 months	79.2
3-6 months	5.7
6-9 months	11.3
>9 months.	3.8
Total	100

4.3.10 Marketing

100% of the enterprises sell their products to retail customers in the local markets within NOIDA itself. None of the enterprises sell their products outside of NOIDA. The association on further probing informed us that they were unable to sell their products outside UP as they have not been issued a UPTT No. by the sales tax department.

Since they are unable to sell it in markets outside, they do not produce better quality products.

Table 4.37: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	98.1
Wholesale Trader	5.8
Exporter	0
Industries	0
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 4.38: Modes of marketing	
Major means of marketing	% of enterprises
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	1.9
E-Commerce	0
* This was a multiple answer question, the total may add up to more than 100%	

sale or marketing of our products. While 22% of the enterprises said that the main problem faced by them is the absence of marketing knowledge, 14% of the enterprises face the problem of shortage of funds.

- **Market:** 98% of the enterprises sell their products to retail consumers. People place their orders with the enterprise and collect their products. Only around 5% do job work for wholesale traders.

Table 4.39: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	14
Absence of Marketing know-how	22
Other reasons	70
* This was a multiple answer question, the total may add up to more than 100%	

- **Mode of marketing:** All the enterprises market their products by word of mouth. None of the enterprises use any other means to market their products.
- **Problems:** While 70% of the enterprises have stated that they face no problems in

4.3.11 Support Organisations

An industrial association is present which was formed in order to rally against the eviction orders that came from the government authority. This association is also aware of the major problems being faced by the enterprises in this cluster.

4.3.12 Evaluation of Govt. Schemes

None of the enterprises were aware of any of the schemes that have been brought out by the government for their benefits. They are also not eligible for these as they have encroached upon government land.


4.3.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Local Market is strong. – Have a strong association. – Good connectivity via roads. 	Opportunities <ul style="list-style-type: none"> – Nearness to Delhi – for raw material procurement and sale of finished goods. – They have enough workers and do not face labour related issues.
Weaknesses <ul style="list-style-type: none"> – Use of local and low quality raw material. – Absence of UPTT No. that prevents sale outside of NOIDA 	Threats <ul style="list-style-type: none"> – They face a threat of eviction – illegal encroachment on government land. – Face police harassment when procuring raw material in large quantities.

4.4 Basketware Cluster, Motia Khan, Delhi

Making of basketware is mainly concentrated in Motia Khan in old Delhi area. It was developed as a traditional activity. These units are located along the road side. It is spread into Motia Khan, Teli Bada and Qutb Road

4.4.1 Cluster Fact Sheet

Table 4.40: Basketware Cluster - Fact sheet		
Natural/Artificial	Natural	
Geographical Spread	Motia Khan, Teli Bada and Kutub Road	
Rural/Urban	Urban	
Approx. No. of enterprises	50	
Approx % of micro manufacturing enterprises	100	
Nature of Manufacturing Activity	Mfg. of Wood and products of wood, except furniture and articles of straw and plaiting materials	

4.4.2 Annual Turnover

Table 4.41: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-1	17.2
1-2	44.8
2-3	20.7
3-4	6.9
>4	6.9
Not Answered	3.4

Out of the 29 micro enterprises surveyed, majority of the enterprises (62%) having an annual turnover of around below ₹ 2 Lakhs, 20.7% of the units have a turnover of between ₹ 2 to 3 lakhs and around 7% registered more than ₹ 4 Lakhs

4.4.3 Location Preference

89.3% of units located here due to nearness to residence were the main reason while 82.1% preferred for the availability of raw material in this

area.

- 13.8% of the units are facing acute short of space while 3.4 % and 31% of the units has less space. These artisans are used to use footpath for working place and keep their finished product along the road side.
- Lighting at the working place is not a big issue. 69% of the units are highly satisfied with the lights. Power cut is also not a major concern as they are getting optimum power supply.
- There is mix response for the hygiene condition in Motia Khan. 20.7% of the units told about the very bad hygiene condition while majority of the units are satisfied with the existing condition. 48.3% of the units told about good cleaning in the area. At the same time 24.1% responds for no cleaning.
- Safety is not a big issue in the area. 62.1% of the units are highly satisfied with existing law and order.

4.4.4 Manpower Availability

- **Employee size:** 69% of the units have employment size between 1 to 5 while 27.6% of the units having 6 to 10 employees.
 - **Problems:** 69% of the units facing short of the skilled man power in the market.
 - 50% of the units have no problems in availability of skilled upgradation of employees

Table 4.42: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
1-5	69.0
6-10	27.6
Not answered	3.4
Total	100

while 46.4% units are facing short of funds for the same.

- 75% of the units have no knowledge about the organisation which will make available the best trained resources while 14.3% units have trust on government organisation.

4.4.5 Raw Material Availability

Wood, Bamboo and long grass is the main raw material for the industry.

- **Proximity:** Delhi and near by area is the main source of the raw material.
- **Procurement:** Most of the artisans (72.4%) are procuring raw material from agents, 17.2% from bulk supplier and 10.3% getting directly.
- **Costs:** 85.7% of the units facing high cost of transportation problem for raw material procurement.
- **Support:** 48% units have trust on government organisations for help them for procuring the raw material while 31.4% are not aware about the responsible organisation.

4.4.6 Finance/ Credit Availability

16.9% of the units availed credit facilities.

Table 4.43: Credit facilities	
	% of units
Availed Credit Facilities	16.9
Not availed Credit Facilities	83.1
Total	100.0

- **Source:** 12 units had taken credit out of which 60% unit got from government authority through bank under scheme while 30% got from private money lenders.

- **Problems:** 56.3% of the units told about the strict eligibility condition as a main problem for availing credit/finance while 39.4% told about the high interest for the same.

- **Working Capital Loans:** Only 22.5% of the units availed the working capital loans while 5.6% told that they didn't require it.

Table 4.44: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	39.4
Lengthy process	15.5
Untimely disbursement of funds	1.4
Unsuitable repayment schedules	1.4
Delay in sanction	18.3
Strict Eligibility Condition	56.3
Other problems	2.8
No problems	4.2

4.4.7 Technology Upgradation

Table 4.45: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	83.1
Units who did not feel the need for upgradation	16.9
Recently Upgraded	0
Total	100.0%

- **Need:** 42.4% of the units feel that upgradation is required due to competitors while 35.6% told for the better technology.
- **Problems in upgradation:** 93% facing short of funds as a major problem for upgradation of their machines.
- **Support:** 62% have trust to government organisation to help them in upgrading the technology while 16.9% unaware about the responsible organisation of it.

Table 4.46: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	93
Problems of R&M	5.6
Absence of Technical Know-how	2.8
Unavailability of domestic market	2.8
Unskilled labour	1.4
Resistance from labour	0
Other Reasons	1.4

Table 4.47: Need for upgradation	
Reason for need	% of units
Competitors	42.4
Reduction in waste	11.9
Cost ineffectiveness	3.4
Quality Improvement	16.9
Large Orders	25.4
Pollution Control	0
Availability of Better Technology	35.6
Other Reasons	1.7

4.4.8 Design and Development

Table 4.48: Upgradation of design	
Frequency of changing design	% of units
0-3 months	88.7
3-6 months	11.3
>6 months	0
Total	100.00%

Almost 88.7% of the units used to change their design within 3 months.

- **Need:** 67.6% units need to change their design for betterment due to market demand while 38% falls for the competitors.
 - **Support:** 94. % of these units changed this design by themselves only.
- 85.9% of the units are not able to adopt better designs due to shortage of funds.

4.4.9 Common Facilities

Table 4.49: Reasons for upgrading design		Table 4.50: Problems faced in upgrading design	
Reason	% of units	Problems	% of units
Competitors	38	Shortage of funds	85.9
Changing Trends	25.4	Absence of Design know-how	7
Market demand	67.6	Resistance from labour	2.8
Low sales	1.4	Other reasons	5.6
Other reasons	0	Total	100%0

Water Supply: Water is supplied for 2 hours each in the morning and evening. Water supply is not integral to the manufacturing activity in these units. They require water only for drinking purposes and have domestic connections for the same.

Power Supply: After Privatisation of power, power supply has not been a problem. Most of these units have taken a commercial connection. Since they are not registered, they have to pay the high charges of Rs. 575 per unit, inside of subsidised industrial charges, Intermittent power supply is the only problem in this area.

Sanitation: The sanitation condition of this area is very poor. Drains are open. The solid waste that gets collected chokes these drains resulting in water logging and unhygienic conditions. The internal lanes are filled with garbage which shows it is not cleaned periodically- may result in health hazards. Cycle rickshaws and autos ply there however, they add to the congestion during the peak hours. The products are stored within the units or along the roads outside the units.

Other facilities: No other common facilities are available for this cluster

There is lack of proper working space. Artisans are using footpaths for making and displaying their finished goods.

4.4.10 Marketing

Table 4.51: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	93.1
Wholesale trader	55.2
Exporter	3.4
Industries	0
Govt. Authorities	0
Total	100%

- **Market:** Almost all the products are sold in Delhi only.
- **Consumers:** 93% of the units sold their products to the retail consumers.
- **Mode of marketing:** 100% of the total units depend upon the word of mouth for marketing their products.

Table 4.52: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	10.3
Association directory	0
Advertisements	0
E-Commerce	0
Other means of marketing	0

Table 4.53: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	24.1
Absence of Marketing know-how	0
Other reasons	75.9
Total	100%

4.4.11 Support Organisations

There is no support organisation for developing the industry. There is no industrial association and Marketing support system in Motia Khan.

4.4.12 Evaluation of Govt. Schemes

No enterprises have taken any benefit of govt. schemes.

4.4.13 SWOT Analysis


Strengths <ul style="list-style-type: none">– Availability of skilled manpower– Nearness to raw material	Opportunities <ul style="list-style-type: none">– High aesthetic value and environment friendly– Available at low cost
Weaknesses <ul style="list-style-type: none">– No proper space– Lack of awareness about new design and technology	Threats <ul style="list-style-type: none">– Less durability– Facing tough competition from plastics

5. Cluster Reports- NIC Code 21

5.1 Corrugated Sheet Cluster, Rai Industrial Area, Rai, Sonapat, Haryana.

5.1.1 Cluster Fact Sheet:-

Rai is a peri-urban neighbourhood developed on the outskirts of Sonapat city. Haryana State Industrial Infrastructure Development Corporation (HSIIDC) developed the Rai Industrial Area to harness the industrial potential of the region. The cluster falls under the paper and paper products manufacturing/processing activities. The industrial area consists of a considerable amount of micro enterprises focused on activities related to processing corrugated sheets into corrugated boxes for packaging of varied products such as medicines, processed food products, fruits & vegetables, electronic equipments, etc. The industrial area is along NH-1 at about 10 Km. before Sonapat intersection.

Table 5.1: Corrugated Sheet Packaging (Boxes) Cluster - Fact sheet		
Natural/Artificial	Artificial	
Geographical Spread	Rai Industrial Area	
Rural/Urban	Urban	
Approx. No. of enterprises	50	
Approx % of micro manufacturing enterprises	50%	
Sample Size	25	
Nature of Manufacturing Activity	Corrugated Boxes for Packaging	

5.1.2 Annual Turnover

Table 5.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	24
5-10	36
>10	32
Not Answered	8
Total	100

About 36% of the units have a turnover in the range of ₹ 5-10 Lakhs. 32% have their turnover above ₹ 10 Lakhs while 24% have an annual turnover in the range of ₹ 0-5 Lakhs. The average turnover per unit is around ₹ 9.13 Lakhs.

Secondary study infers that the annual turnover from the existing enterprises is about 4.57 Crores.

5.1.3 Location Preference

The cluster is located along NH-1 at a distance of about 10 Kms. before Sonapat intersection with good road condition. This indicates good regional connectivity. Also, as the industrial area is recently developed, the internal roads of the industrial area are broad and in good condition. Haryana State Industrial Infrastructure Development Corporation (HSIIDC) has developed the area with all basic infrastructure facilities necessary for development of an industrial area. The availability of skilled labour (54%) and close proximity to market

(83%) plays a crucial role in the location preference of the cluster. Also, other key factors such as availability of industrial shed (63%), availability of raw materials (50%) and connectivity (46%) adds to the existing location preference of these clusters. Besides these, cluster benefits (8%), local wage levels (4%) and proximity to residence (4%) are the other supporting factors for location preference.

- Almost 44% of the surveyed units have rated the lighting conditions in their work place as 3, 24% of the surveyed units have rated as 2 while 20% of the surveyed units have rated the lighting conditions as 5 (on a scale of 1 to 5). Though, about 68% of the surveyed units needs more power supply for lighting because of power cuts on a daily basis in spite of having a 132/11 kV substation in the industrial area.

Table 5.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	62.5
Availability of physical infrastructure	0
Connectivity	45.8
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	50
Proximity to market	83.3
Availability of skilled labour	54.2
Local tax incentives	0
Local wage levels	4.2
Close to residence	4.2
Cluster benefits	8.3
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

issues and have rated the working place safety in a range of 4 to 5 (on a scale of 1 to 5). On the contrary, about 24% and 16% of the surveyed units felt that the cluster as highly vulnerable in terms of working place safety and have rated the as 1 and 2 respectively (on a scale of 1 to 5). This indicates a disparity in the working place safety standards largely at the unit level.

- About 4% of the surveyed units felt the need for a hospital in the cluster in order to serve in the event of seasonal and emergency cases.

5.1.4 Manpower Availability

- It is revealed from the primary survey that about 44% of the units employ in the range of 6-11 workers (on payroll). Also, about 32% of the surveyed units employ 11-15 workers while about 20% units employed 0-5 workers (on payroll). Only 4% units have employed more than 15 workers in their manufacturing facilities. The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and also their wage levels

- **Skill:** From the primary survey, it is observed that around 44% of the manufacturing units have 6 -10 skilled workers; about 20% of the surveyed units have 0 -5 skilled workers and about 12% units have 5-6 skilled workers. Only about 4% of the surveyed units have more than 15 workers in their enterprise.

- **Problems:** It is observed from the primary survey, that about 44% of the manufacturing units face problems in availing skilled labour from the market. About 20% of the manufacturing units face a problem in upgrading the skills of their workers and about 8% of the manufacturing units face a problem due to non availability of required course/training of skilled employees as well as skill upgradation of employees. But, about 76% of the manufacturing units face major problem of high attrition of skilled labour.

Table 5.4: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	20
6-10	44
11-15	32
>15	4
Total	100

resources and skill upgradation. Also, about 4% of the surveyed units trust local industrial associations and industrial federation in procuring best trained resource. But, about 16% of the surveyed units are uncertain to trust any of these authorities.

- **Support:** About 76% of the units trust the government organisations in providing trained

5.1.5 Raw Material Availability

- **Proximity:** The primary source of raw material availability is from Sonapat and Delhi. More than 36% of the manufacturing units procure their raw material from local market while 32% units procure from Delhi. Besides these, about 4-8% of the surveyed manufacturing units procure the raw material from Kundli and nearby areas. About 16% of these units directly procure raw materials from the market whereas about 48% procure from bulk suppliers. Also, about 36% of the surveyed manufacturing units procure raw material from agents.

- **Costs:** Almost 84% of the surveyed units face the problem of high cost of raw material- this could be because they procure it local markets and in certain cases agents. Besides these, about 56% of the surveyed units stated problems of high transportation cost whereas 28% of the surveyed units faced the problem of fluctuating costs in raw material procurement. This further escalates the raw material costs.

- **Support:** About 68% of the units trust government organisations for support in raw material procurement. The surveyed units do not trust any private institutes, local industrial associations and industrial federation for support in raw material procurement. About 32% of the units are uncertain to trust any of these authorities.

5.1.6 Finance/ Credit Availability

It is observed from the primary survey that almost 88% of the units had not availed any loan facilities. Only 12% of the surveyed units availed credit facilities. About 33% of these units availed loans from government schemes and nationalized banks while about 34% of these units availed loans from private money lenders.

- **Problems:** About 20% of the surveyed micro (manufacturing) units voted High Interest

Table 5.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	20
Lengthy process	56
Untimely disbursement of funds	0
Unsuitable repayment schedules	8
Delay in sanction	28
Strict Eligibility Condition	0
Other problems	0
No problems	8

Rate as one of the major problem in availing /finance. Almost 56% units stated the Lengthy Process while 8% units stated the unsuitable repayment schedules and lack of knowledge of all applicable credit availability schemes as other problems. Their grievance was that the loans are unavailable due to proper paper work.

5.1.7 Technology Upgradation

From the primary survey, it is observed that about 52% of micro (manufacturing) units felt the need for technology upgradation. The packaging cluster is growing very rapidly and every product has an innovative packaging design and for manufacturing and processing them

Table 5.5: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	52
Units who did not feel the need for upgradation	48
Total	100

units felt the need to upgrade in order to handle large orders. Still, considerable share of units neglect the need to upgrade in order to have good support from the administrations.

- **Need:** It is observed from the primary survey that almost 100% of the micro (manufacturing) units felt the need for upgrading the technology in order to compete with other enterprises and keep with the market. About 39% of the surveyed units felt that the machinery needs upgradation due to cost ineffectiveness of the finished product. Almost 31% of the units felt the need to upgrade in order to handle large orders. Still, considerable share of units neglect the need to upgrade in order to have good support from the administrations.
- **Problems in upgradation:** It is observed from the primary survey that almost 80% of surveyed units stated that Shortage of Funds for machinery upgradation is the key problem in technology upgradation. Besides this, about 12% of the surveyed units faced the problem due to lack of knowledge of technical know-how of the machinery including repairs and maintenance.
- **Support:** It is revealed from the primary survey that almost 84% units trust the government organizations to provide technical support (in terms of awareness, funds or subsidies, training etc.) in upgrading the technology. About 16% of the surveyed units are uncertain about seeking for technical support for technology upgradation.

Table 5.6: Need for upgradation	
Reason for need	% of units
Competitors	100
Reduction in waste	0
Cost ineffectiveness	38.5
Quality Improvement	0
Large Orders	30.8
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0

Table 5.7: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	80
Problems of R&M	0
Absence of Technical Know-how	12
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons	20

5.1.8 Design and Development

About 92% of the units change their designs within a time span of less than 1 month. While, about 4% of the units change their designs in a time frame of either 3-6 months or more than 6 months. This indicates that the micro (manufacturing) units handle a variety of work orders.

- **Need:** More than 28% of the surveyed units update their design in order to compete with other enterprises. Almost 16% of the units update/change the design as per the market

Frequency of changing design	% of units
0-3 months	92
3-6 months	4
>6 months	4
Total	100

demand. Only 4% of the units update/change the design as per the changing trends. Also, about 72% update the product design due to other reasons which could be a result of internal research & development.

- **Problems:** More than 12% of the

Reason	% of units
Competitors	28
Changing Trends	4
Market demand	16
Low sales	0
Other reasons	72

surveyed units face shortage of funds as a major problem in upgrading their designs, whereas about 88% of the surveyed units are unable in doing so due to other reasons which could be lack of willingness to experiment.

5.1.9 Common Facilities

- **Water Supply:** It has been observed in the primary survey that almost 100% of the micro (manufacturing) units do have access to water supply. HSIDC is the authority responsible for supplying water

Problems	% of units
Shortage of funds	12
Absence of Design know-how	0
Resistance from labour	0
Other reasons	88
Total	100

- **Power Supply:** 100% of the units agree to power being supplied to them by the state electricity agencies. About 88% of the surveyed micro (manufacturing) units receive power from State Government agencies whereas about 12% of the units did not disclosed their source of power supply. This indicates that these units either use diesel generators for power supply or any other medium through which the power is supplied. Though there are frequent power cuts, about 68% of the micro (manufacturing) units are satisfied with the condition of power supply. In the event of power cuts, the units received power through diesel generators installed at respective units.

- **Connectivity:** Almost 56% of the units are satisfied with the condition of the road network whereas about 44% of the surveyed units stated condition of the roads to be poor. The overall road conditions are satisfactory and the majority of the roads have flexible pavements to withstand the heavy axle load of carriage vehicles.
- **Truck Parking:** From the primary survey, it is revealed that there is no truck parking facility in the vicinity of these micro (manufacturing) units despite being an industrial area. This leads to on-road parking and finally to traffic congestion.

5.1.10 Marketing

Table 5.11: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	0
Wholesale trader	68
Exporter	0
Industries	32
Govt. Authorities	0
Total	100

The primary markets (first point of sale) of the manufactured goods constituting of about 32% are in Sonapat followed by 24% of market consumers in Haryana state. Besides these, the other market consumers constituting Delhi form 8% share.

industrial establishments who procure the packaging material on order.

- **Market:** About 68% of the manufactured products are purchased by wholesale traders whereas about 32% of the manufactured products are purchased by

Table 5.12: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other means of marketing	0

Table 5.13: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	40
Absence of Marketing know-how	0
Other reasons	60
Total	100

industrial establishments who procure the packaging material on order.

- **Mode of marketing:** The primary mode of marketing is through Word of Mouth for marketing their products. Besides this mode, there are no other modes of marketing.

- **Problems:** about 40% of the surveyed units face shortage of funds for

5.1.11 Support Organisations

sale/marketing the products. Some have also mentioned that they face an absence of marketing know-how.

From the primary survey, it is revealed that about 60% of the surveyed units are associated with local industrial/trade associations. About 56% of the surveyed units have association with RAIMA RAI, local industrial association in Rai industrial area. Also, it is revealed that there are no industrial federations, NGOs, Exporters, technical institutions in the cluster. It is also revealed from the primary survey that about 80% of the units receive support services in the trouble shooting activities of any unit on registration of complaints.

5.1.12 Evaluation of Govt. Schemes

Though the cluster development programme is finished it has been found that there is less interest in any govt programme.

Only 4% of the surveyed units are aware of the presence of micro and small enterprise - cluster development programmes. Besides this, none of the surveyed micro (manufacturing) unit are aware of any of the government schemes such as V.I. Cluster Rural Industry Service Centre (RSIC), NMCP National Programme on Application of Lean Manufacturing-LEAN, Prime Minister's Employment Generation Programme, Rural Employment Generation Programme, Marketing Assistance and Export Promotion Scheme, Credit Linked Capital Subsidy Scheme for Technology Upgradation, Credit Guarantee Scheme for setting up of unit or for Working Capital Loan and Performance and Credit Rating Scheme. The micro (manufacturing) unit are unaware of the other available schemes. This implies that the units are partially aware of the government benefits that could be availed by them.

5.1.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Established in Industrial area – Nearness to market – Excellent road connectivity with better infrastructure facilities within industrial area 	Opportunities <ul style="list-style-type: none"> – Huge growth potential if provided with necessary training programmes (for labour and entrepreneur), R&D Centres and testing facilities. – Can become a regional hub for packaging industries
Weaknesses <ul style="list-style-type: none"> – Quality of raw material and finished goods cannot be assessed due to lack of testing and quality control facilities. – Lack of skilled labour and labour training programmes for skill upgradation and High attrition of skilled labour – Lack of technical know-how for technical upgradation and marketing strategies – Unavailability of testing facilities, R&D centres, design and development centres in the industrial cluster 	Threats <ul style="list-style-type: none"> – Cluster faces tough competition with plastic packaging products – Fluctuating raw material costs hinders research and development of innovative packaging products

5.2 Paper & Paper Products Cluster, East Delhi

5.2.1 Cluster Fact Sheet:-

The whole area near Pusta in East district (as per our study east and north east districts have been considered to be a part of east district) has a number of paper and paper product industries. These industries make paper products like packaging material, cardboard boxes, handmade products, paper envelopes etc; for various tier II industries.

This industry has **not been declared as a cluster under the Mo MSME**, though it is eligible to be declared as a cluster as per the MSME definition.

Table 5.14: Paper and Paper Products Cluster- Fact sheet

Cluster Type	Natural
Geographical Spread	Karawal Nagar, Seelampur, Pusta; East Delhi District
Rural/Urban	Urban
Approx. No. of enterprises	>30
Approx % of micro manufacturing enterprises	100%
Nature of Manufacturing Activity	Mfg. of paper and paper products



5.2.2 Annual Turnover

Table 5.15: Annual Turnover

Annual Turnover (in Lakh ₹)	Respondents (%)
< 1	2.4
1-3	24.4
3-5	39
5-7	24.4
7-9	2.4
> 9	7.3
Total	100

Around 30% of the enterprises in this cluster have an annual turnover per annum in the range of ₹ 3 to 5 Lakhs. About 35% of the enterprises have an annual turnover each between ₹ 1 to 3 Lakhs & ₹ 5 to 7 Lakhs.

The average annual turnover per unit in this cluster is approximately ₹ 5.0 Lakhs.

5.2.3 Location Preference

According to the data collected during the primary survey about 45% of the enterprises have chosen

this location because of its closeness to their residence and due to their proximity to the market. Also about 40% have said that this location has an advantage of availability of skilled labour. More than 30% have said that good connectivity is also a reason for setting up their enterprises in their current location.

- More than 80% of the enterprises were satisfied with the lighting conditions in their enterprises. They have confirmed that since the privatisation of electricity supply in Delhi the condition has improved considerably.
- With respect to space availability the enterprises are moderately satisfied with the condition. About 20% have rated the condition as 3 and 4.
- More than 40% are dissatisfied with the hygiene conditions in and around their work place. They have rated it as 2 or 3 on a scale of 1 to 5.

- About 50% are dissatisfied with the safety conditions in this cluster. However the

Table 5.16: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	31.7
Availability of physical infrastructure	36.6
Connectivity	12.2
Availability of industrial infrastructure	0
Availability of ancillary enterprises	19.5
Availability of raw material	51.2
Proximity to market	43.9
Availability of skilled labour	39.0
Local tax incentives	0
Local wage levels	0
Close to residence	43.9
Cluster benefits	24.4
Easy availability of credit	2.4
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

association differs with this opinion. The association informs us that there are no safety related problems in this area of any kind.

5.2.4 Manpower Availability

It has been noted during the primary survey that about 60% of the enterprises employ between 1 to 5 workers and around 35% have said to have employed about 6 to 10 workers.

Almost 50% of the enterprises have confirmed that skilled man power is not available in this cluster.

- Problems:** While more than 40% face financial problems in employing skilled labour or undertaking skill upgradation for their workers, about 20% have also complained about the high rate of attrition. The workers keep on drifting from unit to unit based on the wages they get and the work.

Table 5.17: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	58.5
6-10	34.1
11-15	2.4
>15	4.9
Total	100

5.2.5 Raw Material Availability

- Proximity:** All the enterprises obtained their raw material from Delhi. Almost 53% got it from Karawal Nagar, a few also got their material from Jawahar Nagar, Chawri Bazar, and Shahadra. Greater than 40% of them procured it from Agents, while about 35% got

it from bulk suppliers.

- Costs:** 68% of the enterprises were worried by the high cost of raw materials while about 40% were troubled by the high cost of transporting the raw materials. Some were also worried about the taxes and duties to be paid by them in raw material procurement.
- Support:** Almost 50% have said that they trust the government organisations to help them in procuring raw materials at a cheaper price. More than 40% did not know whom to trust in this aspect.

5.2.6 Finance/ Credit Availability

Almost 98% of the enterprises had not availed any credit facilities. Only one enterprise has admitted having borrowed money. This enterprise had taken loan from a private money lender.

Table 5.18: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	19.5
Lengthy process	31.7
Untimely disbursement of funds	0
Unsuitable repayment schedule	4.9
Delay in sanction	29.3
Strict Eligibility Condition	12.2
Other problems	14.6
No problems	46.3
* This was a multiple answer question, the total may add up to more than 100%	

Problems: On further probing why no one preferred to take loans, the units informed us that they took advance from the traders who placed an order with them. Greater than 45% preferred not to take loans because of this reason. About 30% complained of the extremely lengthy process and the delayed sanctioning of their loans. About 20% were also unhappy about the high rates of interest that they had to pay.

The association complains about the lack of awareness amongst the enterprises regarding the government schemes. It was also indicated by them that due to the lack of

loans, these enterprises were unable to progress as per their complete potential.

5.2.7 Technology Upgradation

Table 5.19: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	61
Enterprises who did not feel the need for upgradation	39
Total	100

- **Need:** More than 60% have mentioned that they felt there is a requirement for them to upgrade their technology the remaining 40% have not responded positively. About 50% have attributed this need to the competition being faced by them in the market. Another 30% also required it due to the large orders being placed with them. About 20% said that they wanted to upgrade the technology due to

the availability of better technology.

- **Problems in upgradation:** Almost 97% of the enterprises had not upgraded the technology due to shortage of funds. Where more than 6% of the enterprises also blamed the absence of technical know-how for not upgrading technology, a few also said they had not upgraded technology due to lack of skilled labour who know how to use the latest technology.

Table 5.20: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	85.4
Problems of R&M	9.8
Absence of Technical Know-how	9.8
Unavailability of domestic market	0
Unskilled labour	7.3
Resistance from labour	0
Other Reasons (Did not face problem)	12.2

Table 5.21: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	50
Reduction in waste	3.8
Cost ineffectiveness	0
Quality Improvement	7.7
Large Orders	30.8
Pollution Control	0
Availability of Better Technology	19.2
Other Reasons	11.5
* This was a multiple answer question, the total may add up to more than 100%	

5.2.8 Design and Development

Table 5.22: Upgradation of design	
Frequency of changing design	% of enterprises
0-6 months	92.7
6-12 months	7.3
Total	100

Greater than 90% of the enterprises have stated that they change their designs within a span of 6 months. These enterprises produce their products based on the orders and samples given by traders. This entails in a change of design as per the order placed.

- **Need:** More than 75% have accredited the need for change in design to the changing market demands. About 20% have also said they change their designs in order to beat the competition faced by them. About 17% do not feel the need to change their designs.
- Since this is a mixed cluster, the plastic moulding enterprises which generally produce suitcases etc keep changing the design, however those involved in processes like wire netting are not really concerned with the design aspect of their activity.
- **Problems:** About 70% of the enterprises face a shortage of funds in upgrading their designs.

Table 5.23: Need for upgrading design *		Table 5.24: Problems faced in upgrading design *	
Reason	% of enterprises	Reason	% of enterprises
Competitors	43.9	Shortage of funds	46.3
Changing Trends	2.4	Absence of design know-how	7.3
Market demand	90.2	Resistance from labour	0
Low sales	0	No problems	46.3
Not required	7.3	* This was a multiple answer question, the total may add up to more than 100%	
* This was a multiple answer question, the total may add up to more than 100%			

5.2.9 Common Facilities

- **Water Supply:** Almost all the enterprises have said that water supply is available to them. About 70% have also mentioned to us that they are quite satisfied with the water supply in this locality.
- **Power Supply:** All the 41 surveyed enterprises are satisfied with the power supply conditions. This state has been reached after the privatisation of power supply.
- **Connectivity:** This cluster is dispersed in nature. However the roads connecting these are in a very poor shape. The road is broken at various places and water logging has also been commonly noticed at various places along the roads. Solid waste has also been commonly noticed which have not been cleared by the concerned department of MCD.
- **Common Facilities:** No common facilities are present in this cluster. Raw material banks, training centres, design upgradation centres, parking, warehouses everything is

missing here. This cluster does require parking and warehousing space at least. They also need a technology/ training centre where awareness programme can be held.

5.2.10 Marketing

All the surveyed enterprises have informed that their first point of sale is in Delhi. About 25% sell their products near Karawal Nagar.

Table 5.25: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	30.2
Wholesale Trader	75.5
Exporter	5.7
Industries	3.8
Govt. Authorities	1.9
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

- **Market:** More than 65% of the enterprises sell their products to wholesale traders about 22% have also admitted to selling products to retail traders. Around 25% also sell their products to industries for further processing/ use in industrial processes.

The association informs us that these enterprises capture the markets like the local sweet shops and micro industries

for which they make cardboard boxes. They are unable to capture bigger markets around Delhi.

- **Mode of marketing:** None of the enterprises have indicated having any problems.

The association has also confirmed to us that the enterprises generally capture the market in the neighbourhood only. They are not aware of and are not interested in capturing bigger markets.

Table 5.26: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	100.0
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 5.27: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	0
Absence of Marketing know-how	0
No problems	100

5.2.11 Support Organisations

About 45% of the enterprises have confirmed to us that they are a member of the North

East Industrial Welfare Association. Above 40% have confirmed to us that this association helps them in registering complains and a number of times also suggests solutions to overcome these problems. Greater than 50% of the enterprises have also stated that the association provides them with support in improving the business environment. About 25% have also indicated that the association helps them with government liaising work. There are no exporters or other support agencies in this cluster like technical institutions or NGOs etc working for their welfare.

5.2.12 Evaluation of Govt. Schemes

The enterprises showed awareness about the Baba Saheb Ambedkar Hastship Vikas Yojana; Prime Minister's Employment Generation Programme; Rural Employment Generation Programme and Credit Gaurantee Scheme for setting up of unit or for Working Capital Loan. These however have not taken any support under these schemes. It can thus be inferred that though a number of the entrepreneurs are aware of the government scheme they are not interested in taking any benefit. They assume that they need a registration for this purpose and are wary of the tedious and long procedures. They are small enterprises are more concerned with earning their daily bread than wasting time on these formalities.

5.2.13 SWOT Analysis


Strengths <ul style="list-style-type: none"> – The market for paper and paper products is high the growth potential is also high. 	Opportunities <ul style="list-style-type: none"> – Strong and ambitious industrial association – helpful in terms of government liaisoning and problem solving.
Weaknesses <ul style="list-style-type: none"> – Physical infrastructure is in poor shape – poor roads and solid waste management. – The enterprises are unable to get credit facilities for upgradation of technology – banks refuse to lend under the head of non viable projects. – Lack of awareness about government schemes. 	Threats <ul style="list-style-type: none"> – The enterprises are not capturing the bigger market – they have been able to cater to the local shops and commercial area only. – Unavailability of loans on the basis of non viability of projects. – The units are not aware of the advantages of clean accounting systems.

5.3 Packaging Cluster, Okhla

5.3.1 Cluster Fact Sheet:-

Packaging material is a significant industry in the NCR region. This industry serves as an ancillary to almost all the other industries. Packaging material can be made of wither plastics or corrugated paper. It is found in large numbers in almost all the industrial areas in NCR. Okhla being a large industrial hub has a number of micro packaging enterprises too. The Okhla Industrial Area has more than 50 micro enterprises in this category.

This industry has **not been declared as a cluster under the Mo MSME**. It however is eligible to be declared as a cluster as per the MSME definition.

Table 5.28: Packaging Cluster- Fact sheet		
Cluster Type	Natural	
Geographical Spread	Okhla Industrial Area, Phase I & II	
Rural/Urban	Urban	
Approx. No. of enterprises	>20	
Approx % of micro manufacturing enterprises	90%	
Nature of Manufacturing Activity	Mfg. of Paper and paper products (NIC Code -)	

5.3.2 Annual Turnover

Table 5.29: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-3	11.2
3-5	27.7
5-7	25
7-9	13.9
9-11	2.8
>11	19.4
Total	100

Greater than 25% of the manufacturing enterprises in this area had a turnover between ₹ 3 Lakhs and 5 Lakhs. About 20% of the enterprises have a turnover greater than ₹ 10 Lakhs. About 15% of the enterprises have an annual turnover in the range of ₹ 7 to 9 Lakhs.

The approximate annual turnover per enterprise has been calculated to be about ₹ 7.5 Lakhs.

5.3.3 Location Preference

This industry has emerged at Okhla naturally based on the large number of industries here.

From the primary survey it has been found that, almost 80% the enterprises preferred this location due to the availability of industries in its vicinity. Almost 55% of the industries set up their enterprises at Okhla due to the easy availability of raw material and their proximity to the market. About 30% have also stated that it is closer to their residence. About 23% have said that the availability of skilled labour and good connectivity are other locational advantages that they have.

Table 5.30: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	80
Availability of physical infrastructure	11.4
Connectivity	22.9
Availability of industrial infrastructure	2.9
Availability of ancillary enterprises	2.9
Availability of raw material	54.3
Proximity to market	54.3
Availability of skilled labour	22.9
Local tax incentives	0
Local wage levels	0
Close to residence	31.4
Cluster benefits	17.1
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

From this survey, we can conclude that availability of industries in the vicinity, proximity to market, and availability of raw material are the prime three reasons for the growth of the packaging cluster at this location.

- Around 80% of the enterprises were satisfied with the lighting conditions in their enterprises, while about 10% were moderately satisfied. The enterprises receive power supply throughout the day as they have an industrial feeder provided to their area specifically. Since the privatisation of electricity supply in Delhi power supply has not posed many problems to this cluster. Most enterprises are also well lighted in terms of natural lighting and ventilation.
- Around 70% of the enterprises were highly satisfied with the space in their enterprises, while about 20% were moderately satisfied.
- Almost 45% of the enterprises have rated the hygiene conditions in and around their enterprises as 2 (on a scale of 1 to 5). They consider the periodic cleaning should be taken up by MCD.
- More than 60% of the enterprises were also not satisfied with the safety conditions in this location. The large number of encroachments that have come up within the industrial area and on the back lying areas of Okhla is the cause for their dissatisfaction with the safety conditions.

5.3.4 Manpower Availability

Table 5.31: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	22.2
6-10	38.9
11-15	5.6
>15	33.3
Total	100

Where majority of the enterprises (40%) have about 6-10 workers in their enterprise, the bigger enterprises (around 35%) even have greater than 15 workers engaged. Only about 20% of the enterprises have from 1 to 5 workers employed. Almost 75% have confirmed the availability of skilled labour in the market.

Problems: Almost 70% of the enterprises have informed us that they find no problem in availability of labour. This industry does not

require any specific skill set and provides employment to a number of illiterate and uneducated people.

The association has also informed us that these enterprises are also wary of employing any skilled labour for this purpose as the better the skill the more the wages demanded. Also, the rate of attrition amongst skilled workers is much higher. The enterprises realise that the money spent in upgrading the skill of a worker will not reap them many returns as the worker will leave in search of better wages.

5.3.5 Raw Material Availability

- **Proximity:** All the enterprises procure their raw material from within Delhi itself. The main raw material required by these enterprises is corrugated paper and glue/ pins. Almost 25% get their material from Okhla itself. The other areas where raw material is procured from are Patel Nagar, Sadar Bazaar and Chawri Bazaar. Some also get their material from Shahadra.
- **Source:** While greater than 50% admit to buying their raw material from the Bulk Suppliers, about 36% get the material directly. About 11% get their material from agents.
- **Costs:** In procurement of material more than 60% have complained about the high cost of the material. About 50% are also troubled by the high cost of transporting the material.
- **Support:** More than 65% have said that they trust the government organisations to help them in procuring raw materials at a cheaper price. Most of the remaining do not know whom to trust to help procure raw material.

5.3.6 Finance/ Credit Availability

Table 5.32: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	33.3
Lengthy process	75
Untimely disbursement of funds	2.8
Unsuitable repayment schedules	5.6
Delay in sanction	41.7
Strict Eligibility Condition	2.8
Other problems (Commission)	2.8
No problems	19.4
No tried	1
* This was a multiple answer question, the total may add up to more than 100%	

More than 90% of the enterprises refused to have availed any loans/ credit facilities. Amongst the few who had availed loans had done so from financial institutions.

Problems: Where almost 75% blamed the lengthy process of availing loan for not doing so, 40% complain about the duration for sanctioning loans. More than 30% have also stated that the high interest charged by the banks was a major problem in availing these facilities.

Finance is available from the banks situated within the cluster. The enterprises are also able to provide correct information regarding their balance sheets. However, the rates of interest charged by the banks are high. The association also complains about the lack of

awareness amongst the enterprises regarding the government schemes.

During discussions with SIDBI it however was found that the enterprises did not gain much awareness due to their ignorance.

- **Need:** The requirement for technological upgradation was felt by about 55% of the enterprises in this cluster. The remaining 45% did not give priority to this aspect. The entrepreneurs have attributed the need for technology upgradation to the competition being faced by them (95%). About 15% also stated that technological upgradation was

required in order to achieve cost effectiveness in their production and the large orders being placed with them (10%).

5.3.7 Technology Upgradation

Table 5.33: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	55.6
Enterprises who did not feel the need for upgradation	44.4
Total	100

- **Problems in upgradation:** Almost 97% of the enterprises had not upgraded the technology due to shortage of funds. Where more than 6% of the enterprises also blamed the absence of technical know-how for not upgrading technology, a few also said they had not upgraded technology due to lack of skilled labour who know how to use the latest

technology.

The association also informs us that the enterprises are wary of technology upgradation due to lack of safety conditions in their surroundings due to the presence of a number of encroachments and

Table 5.34: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	97.2
Problems of R&M	2.8
Absence of Technical Know-how	5.6
Unavailability of domestic market	0
Unskilled labour	2.8
Resistance from labour	0
Other Reasons (Did not face problem)	2.8

JJ clusters.

Table 5.36: Upgradation of design	
Frequency of changing design	% of enterprises
0-6 months	88.9
6-12 months	5.6
> 12 months	5.6
Total	100

Table 5.35: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	95
Reduction in waste	5
Cost ineffectiveness	15
Quality Improvement	0
Large Orders	10
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

5.3.8 Design and Development

Almost 90% of the enterprises in the packaging cluster claim to change their design or mould within a span of 6 months. On further enquiry it was realised that these enterprises manufacture packaging material as per the demand of the client and the product to be packaged. Hence, the frequent change in mould.

Need: Where greater than 30% of the enterprises feel the requirement for better designs due to the increasing competition, about 50% have attributed this need to the changing

market trends. About 50% have also stated that design betterment was not something they saw as essential for this cluster.

- **Problems:** Almost 30% of the enterprises have not been able to or face constraints in changing designs due to shortage of funds. More than 55% have conceded that they face no problems in upgrading their designs.

Table 5.37: Need for upgrading design *	
Reason	% of enterprises
Competitors	33.3
Changing Trends	5.6
Market demand	47.2
Low sales	2.8
Not required	47.2
* This was a multiple answer question, the total may add up to more than 100%	

water by the encroachments on the back lying area of Okhla.

On discussion with the Jal Board it has come forward that they are facing a problem in solving this problem as these encroachers form the vote bank for the local political leaders.

- **Power Supply:** The position of electricity has improved in the past few years after the privatisation of the electricity supply. The Okhla industrial area also has an industrial feeder which serves their purpose of electricity.
- **Connectivity:** The highway connecting the Okhla Industrial Area is in good condition. However, the internal roads are in very poor conditions. The roads and the land meant for public facilities have been encroached by a number of people who run their business there. The international clients are wary of visiting these enterprises due to the poor conditions which affects the market.

The drains are also permanently choked and are not cleaned on a timely basis. This leads to water logging on the roads and congestion in succession.

The collective complaint of the enterprises and the association was that though the local authority collects taxes from the entrepreneurs are not taking the required action for the maintenance of infrastructure. The association is taking steps towards solving this problem by rallying with different concerned departments for solving these problems.

5.3.10 Marketing

The first point of sale for all of the enterprises is within Delhi and NCR itself. More than 60% of the entrepreneurs have said that they sell their products to other enterprises within Okhla.

5.3.9 Common Facilities

- **Water Supply:** While 95% of the enterprises have said that water supply is available to them, the association tells us that these enterprises have made private arrangements for water supply. Though these enterprises have Jal Board connections but are unable to get water supply. The reason being the tapping of

Table 5.38: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	30.6
Absence of design know-how	8.3
Resistance from labour	5.6
No problems	55.6
* This was a multiple answer question, the total may add up to more than 100%	

- **Market:** While more than 60% of the enterprises sell their products to wholesale traders. Greater than 30% have also admitted to selling their packaging material to industries that need to package their products before sale.

Table 5.39: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	8.3
Wholesale Trader	61.1
Exporter	13.9
Industries	33.3
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 5.40: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	97.2
Exhibitions/ Melas	0
Association directory	2.8
Advertisements	2.8
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

- The market for packaging material will never cease as every product needs to be packed. However, better quality and aesthetically better packaging needs to be introduced to give a boost to this industry. This can be done through upgradation of the technology used and the material used.

- **Mode of marketing:** Few advertise their products and make use of the association directory for marketing their products. However because of their strategic location majority of the enterprises are able to depend on word of mouth for marketing their products.

Table 5.41: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	27.8
Absence of Marketing know-how	0
No problems	72.2

5.3.11 Support Organisations

A number of associations are present in the Okhla industrial area – The Okhla Factory Owners Association; The Okhla Industrial Association; The Okhla Manufacturers Shed Association; etc. More than 75% of the enterprises are aware of these associations.

The primary survey and discussions with the associations has helped us conclude that these register complaints of the various entrepreneurs and help them solve these problems. They conduct periodic meetings in order to understand the current situation. Also these help to liaise with the various government organisations and circulate the various notices received by them. They also provide the enterprises with marketing assistance and take initiatives to improve the business environment.

5.3.12 Evaluation of Govt. Schemes

Few enterprises are aware of the various schemes by various government departments for the benefits of the MSME sector. The schemes that are popular with these enterprises are Micro and Small Enterprises - Cluster Development Programme; Baba Saheb Ambedkar Hastship Vikas Yojana; Prime Minister's Employment Generation Programme. From this it can be inferred that though a number of the entrepreneurs are aware of the government scheme are hesitant to take advantage of these or are not aware of their eligibility.

5.3.13 SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> – Market demand will keep increasing with the number of products/ industries. – Availability of labour in the market. – Availability of market within Okhla itself. 	<p>Opportunities</p> <ul style="list-style-type: none"> – Availability of new technology for better quality and aesthetically appealing packaging material. – Employment generation for a number of people as no special skill is required for this activity.
<p>Weaknesses</p> <ul style="list-style-type: none"> – Lack of importance to technological upgradation and design interventions. – Poor road conditions. 	<p>Threats</p> <ul style="list-style-type: none"> – With a number of clusters coming up with plastic packaging material that is more durable and aesthetically better looking, competition is on a rise for this cluster. – Lack of safety within cluster makes the entrepreneurs wary of technology upgradation.

6. Cluster Reports- NIC Code 22

6.1 Printing Cluster, Narayana, District West Delhi

6.1.1 Cluster Fact Sheet:-

Narayana Industrial area is spread in Narayana Phase I & II. Printing activity has been started to cater the high demand coming from Delhi. Delhi as a large market plays major role for development of the printing industry. It is well connected with the ring road. Nearness to availability of raw material for printing is also one of the supporting factors for developing this industry in the heart of Delhi.

Table 6.1: Printing Cluster - Fact sheet	
Natural/Artificial	Natural
Geographical Spread	Narayana Phase I & II
Rural/Urban	Urban
Approx. No. of enterprises	120
Approx % of micro manufacturing enterprises	70
Nature of Manufacturing Activity	Printing
Legal Status as per National Capital Region Plan/MPD2021/Other local area development plan	Approved Industrial Area

6.1.2 Annual Turnover

Table 6.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
1-2	69.8
2-3	22.6
Not answered	7.5

Out of the 51 micro enterprises surveyed, 70% of the units admitted to having an annual turnover of around between ₹ 1 Lakh and ₹ 2 Lakhs, 22% of the units have a turnover of between ₹ 2 and 3 Lakhs.

6.1.3 Location Preference

98% has given preference to the availability of skilled labour while 96% responses preferred availability of raw material was the main reason for establishing unit at this location.

- Majority of the units were satisfied with the lighting conditions in the units. 36% of total units were happy with the power supply.
- 87% of the total units were satisfied with the space availability.
- 85% of the total industries were happy with the hygiene condition in the area while 13% had marked average.
- 94 % of the total units are satisfied with safety.

6.1.4 Manpower Availability

Almost all units are facing short of man power. 87% of the units have employment size more than 15 employees on their payroll while around 11% of the units have employee between 11 to 15.

- **Employee size:** 87% of the units have between more than 15 employees on their payroll.
- **Problems:** Majority (58%) of the units are not facing availability of skilled manpower in the market. 89% of the units faces shortage of funds in availability of skilled employees/skill upgradation of employees.

Table 6.3: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	1.9
6-10	.0
11-15	11.3
>15	86.8
Total	100.0

- **Support:** 90% units trust government organisations to make available the best trained resources

6.1.5 Raw Material Availability

Paper and printing ink is the principle raw materials for this Cluster.

- **Proximity:** 83% of the units are able to procure their raw material from Delhi itself.
- **Procurement:** 92.5% of the units get their raw material through agent,
- **Costs:** 85 % of the units facing high cost of raw material procurement.
- **Support:** 88.7% of the units have trust government organisations to help them in raw material procurement.

6.1.6 Finance/ Credit Availability

96.2% of the units have not taken any credit facilities from the financial institutions.

Table 6.4: Credit facilities	
	% of units
Availed Credit Facilities	3.8
Not availed Credit Facilities	96.2
Total	100.0

- **Source:** Out of the 2 units who had availed credit facilities, 1 unit was sourced the credit facilities through Government authority.
- **Problems:** 94% of the units told about the high interest rate was the problem for taking credit.

- **Working Capital Loans:** 90.6% of the units had not availed working capital loans.

Table 6.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	94.1
Lengthy process	2.0
Untimely disbursement of funds	3.9
Unsuitable repayment schedules	.0
Delay in sanction	5.9
Strict Eligibility Condition	.0
Other problems	.0
No problems	.0

6.1.7 Technology Upgradation

Table 6.4: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	9.4
Units who did not feel the need for upgradation	90.6
Total	100.0

- **Need:** 90.6% of the units did not felt the need for technology upgradation.
- **Problems in upgradation:** 90% of the units have not changed/upgraded the machine due to shortage of funds
- **Support:** 90.6% of the units trust government organisations to help them in upgrading the technology

6.1.8 Design and Development

Table 6.6: Upgradation of design	
Frequency of changing design	% of units
0-3 months	90.57
3-6 months	9.43
6-9 months	0
9-12 months	0
> 12 months	0
Total	100.0

nature of the industry

- **Need:** 86.8% of the units needs betterment due to market demand while 79% of the units changing their design due to competitors
- **Support:** 90.6% off these units changed this design by themselves.

6.1.9 Common Facilities

- **Water Supply:** All most all the enterprises told that availability of water is a not major concern in Industrial area. There is lack of maintenance has been found.
- **Power Supply:** Intermittent power supply is the only problem in this area. During discussion with the industrial association they complained that power tariff is very high.

Table 6.8: Reasons for upgrading design	
Reason	% of units
Competitors	79.2
Changing Trends	.0
Market demand	86.8
Low sales	.0
Other reasons	9.4

Industry should be given special attention for lower power tariff.

- **Truck Parking:** It has been found that all vehicles are parked along the road side. Almost all the units are using loading and unloading on the road itself.

Table 6.5: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	90.6
Problems of R&M	1.9
Absence of Technical Know-how	3.8
Unavailability of domestic market	.0
Unskilled labour	.0
Resistance from labour	.0
Other Reasons	7.5

Almost 90.57% of the units used to change their design within 3 months. It is due to the

Table 6.7: Need for upgradation	
Reason for need	% of units
Competitors	60.0
Reduction in waste	.0
Cost ineffectiveness	.0
Quality Improvement	.0
Large Orders	.0
Pollution Control	.0
Availability of Better Technology	40.0
Other Reasons	.0

Table 6.9: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	90.6
Absence of Design know-how	.0
Resistance from labour	.0
Other reasons	9.4
Total	100%

- **Other facilities:** There is lack of training facility & exhibition centre in the area.

6.1.10 Marketing

Table 6.10: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	88.5
Wholesale trader	17.3
Exporter	.0
Industries	.0
Govt. Authorities	.0
Total	100%

- **Market:** Maximum units are sealing their products in Delhi.
- **Consumers:** 88.5% of the units sale to retail consumers while 17.3% sale to wholesalers.
- **Mode of marketing:** Most of them depend upon the word of mouth for marketing their products.

Table 6.11: Modes of marketing		Table 6.12: Problems faced in marketing	
Major means of marketing	% of units	Problems faced in marketing	% of units
Word of mouth	100.0	Shortage of funds	11.5
Exhibitions/ Melas	1.9	Absence of Marketing know-how	1.9
Association directory	21.2	Other reasons	86.5
Advertisements	5.8	Total	100%
E-Commerce	.0		

6.1.11 Support Organisations

As it is approved industrial area and all infrastructure facilities are supported by concerned govt agencies. The local Industrial Association helps to raise the problems and concerns before the intervening authority.

6.1.12 Evaluation of Govt. Schemes

Almost no industry has idea about the ongoing govt schemes and programmes.

6.1.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Nearness to the large market like Delhi – Unit owners are aware & well qualified in terms of management & marketing 	Opportunities <ul style="list-style-type: none"> – Literacy in the country is growing
Weaknesses <ul style="list-style-type: none"> – Facing short of skilled man power – Lack of infrastructure facility as per developed area 	Threats <ul style="list-style-type: none"> – Less interest in reading books & printed papers as more attraction towards websites.

6.2 Printing & Publishing Cluster, South Delhi

6.2.1 Cluster Fact Sheet:-

The Okhla Industrial Area in the South District of the NCT of Delhi is a hub for a number of industrial units of various activities. However apart from Readymade Garment export industries; there are numerous Printing and Publishing enterprises in this area. This cluster comprises of the printing and publishing enterprises as well as the ancillary activities of manufacturing and cutting of paper, manufacturing and maintenance of printers etc. This cluster is a mixed cluster with a number of micro, small and medium enterprises.

These enterprises are located in the Okhla Industrial Area Phase I, II & II and the Okhla flatted factory complex as well. These are present in the regularised industrial areas in Okhla.

This industry has not been declared as a cluster under the MoMSME.

Table 6.13: Readymade Garments Cluster- Fact sheet	
Cluster Type	Natural
Geographical Spread	Okhla
Rural/Urban	Urban
Approx. No. of enterprises	>80
Approx % of micro manufacturing enterprises	50%
Sample size	51
Nature of Manufacturing Activity	Publishing, printing and reproduction of recorded media (NIC Code -17)

6.2.2 Annual Turnover

Table 6.14: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-3	3.9
3-5	5.9
5-7	35.3
7-9	7.9
9-10	2
>10	45.1
Total	100

Almost 45% of the enterprises have an average annual turnover of above ₹ 10 Lakhs. Around 35% of the enterprises have admitted to their average annual turnover to be around ₹ 5 to 7 lakhs. About 10% also have a turnover between ₹ 7 and 10 Lakhs.

The average annual turnover of each micro enterprise in this cluster is about ₹ 9.5 Lakhs.

6.2.3 Location Preference

The primary survey reveals that almost 98% have indicated the presence of industrial sheds as an advantage this location has. Around 92% have also indicated that the availability of raw material in the neighbourhood is an advantage that this industry shares. Greater than 50% have pointed to the proximity of the market being a reason, while about 20% have pointed to availability of skilled labour and the nearness to their residence being an important factor.

From this survey, it is clear that, availability of industrial sheds, raw material and proximity to the market are important factors for this cluster coming up in Okhla.

Table 6.15: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	98.0
Availability of physical infrastructure	5.9
Connectivity	3.9
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	92.2
Proximity to market	54.9
Availability of skilled labour	25.5
Local tax incentives	0
Local wage levels	0
Close to residence	19.6
Cluster benefits	2
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Greater than 90% of the enterprises are satisfied with the condition of lighting in their work place. All the enterprises have stated they are satisfied due to the availability of power supply.
- More than 90% have expressed satisfaction with the space availability in their work place. The enterprises have been allotted plots by the DSIIDC which houses their structure. They have enough space for the activity
- About 65% have indicated dissatisfaction with the hygiene conditions in this locality. They feel that periodic cleaning is absent in the Industrial Areas of Okhla. They have also complained against the encroachments on the backlying areas in Okhla and on the internal roads who are responsible for the lack of cleanliness.
- More than 50% also have a problem with the safety inside this area. They have blamed the encroachers and the JJ clusters in the vicinity for this too. They have stated that they are unable to upgrade to better technology due to the fear of theft.

6.2.4 Manpower Availability

While more than 60% of the enterprises have greater than 15 workers. About 15% have about 6 to 10 workers in their employment while only about 10% have less than 5 workers employed with them.

Table 6.16: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	11.8
6-10	15.7
11-15	9.8
>15	62.7
Total	100

More than 90% of enterprises have replied positively to the availability of skilled workers in the market.

- **Skill:** Q 502, Provide us N %, Base Total No. of Enterprises (Problem: not able to correlate with Q 501, the base number of enterprises cannot be made out so % of skilled v/s unskilled cannot be made out.)
- **Problems:** Surprisingly, more than 85% of the enterprises have stated that they face no problems regarding the availability of skilled labour in the market. However about 10% have indicated that they face a problem of high attrition amongst the workers.
- **Support:** More than 70% of the enterprises trust the government organisations to provide them with the best trained and skilled resources.

The association also informs us however that off-late the enterprises have started facing a problem of manpower because of less people migrating to Delhi from Bihar.

6.2.5 Raw Material Availability

- **Proximity:** While almost 100% procure their material from Delhi. 45% have admitted to procuring their raw material from within Okhla itself, while almost 28% obtain it from Chandni Chowk and Chari Bazar area.
- **Source:** 70% of the enterprises procure the material from bulk suppliers while only about 25% obtain the material directly.
- **Costs:** More than 65% have stated that the major problem being faced by them regarding the procurement of raw material is its high cost; about 53% have said that transportation costs are also very high. Few have indicated shortage of space and the lack of proper storage space as a problem.
- **Support:** More than 80% of the enterprises trust the government organisations to help procure raw material, while more than 10% have admitted that they are unaware of whom to trust in this aspect.

6.2.6 Finance/ Credit Availability

More than 96% have stated that they have not availed any credit facility.

- **Problems:** More than 80% of the enterprises have faced a problem of lengthy procedures in availing credit and finance, while almost 20% have complained about delay in sanctioning of the loans and the higher interest rates.

The association has also informed us that the enterprises may require loan immediately and for a short term. This they were unable to avail from financial institutions as they took a long processing time.

Table 6.17: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	15.7
Lengthy process	80.4
Untimely disbursement of funds	5.9
Unsuitable repayment schedules	7.8
Delay in sanction	19.6
Strict Eligibility Condition	3.9
Other problems (Commission)	2.0
No problems	5.9
* This was a multiple answer question, the total may add up to more than 100%	

Table 6.18: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	37.3
Enterprises who did not feel the need for upgradation	62.7
Total	100

6.2.7 Technology Upgradation

Greater than 60% of the enterprises do not feel the requirement for upgradation of technology. Less than 40% have felt this requirement.

This could be because of the lack of safety felt by the enterprises in this area.

- **Need:** While almost 80% have felt this requirement due to the large orders being placed with them.
- **Problems in upgradation:** Almost 98% of the enterprises had not upgraded the technology due to shortage of funds. The remaining felt this requirement due to the absence of technical know-how.

The enterprises are wary of upgrading their technology due to lack of security in Okhla Industrial Area. The main reason for this is the encroachments in the Okhla Industrial Area.

6.2.8 Design and Development

In the printing and publishing cluster, there is no major design involved in this activity. This activity is completely based on the order placed by the purchaser. While in reality there is no specific necessity for design in this cluster, about 60% have said that the design needs betterment due to

Table 6.20: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	78.9
Reduction in waste	0
Cost ineffectiveness	0
Quality Improvement	0
Large Orders	26.3
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 6.21: Need for upgrading design *		Table 6.22: Problems faced in upgrading design *	
Reason	% of enterprises	Reason	% of enterprises
Competitors	49	Shortage of funds	52.9
Changing Trends	2	Absence of design know-how	2
Market demand	58.8	Resistance from labour	0
Low sales	5.9	No problems	45.1
Not required	39.2		
* This was a multiple answer question, the total may add up to more than 100%		* This was a multiple answer question, the total may add up to more than 100%	

admitted to the availability of water supply in their cluster. Most of the enterprises are also satisfied with the supply conditions. However the association informs us that in this cluster, people do not receive water from the Jal Board in spite of having connections.

Table 6.19: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	98
Problems of R&M	0
Absence of Technical Know-how	2
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons (Did not face problem)	0

market demand and competition (49%).

- **Problems:** Greater than 50% of the enterprises have not been able to adopt better designs due to shortage of funds. More than 45% have reported that there is no requirement for this hence they face no specific problems.

6.2.9 Common Facilities

- **Water Supply:** The enterprises have

This is because the encroachers have tapped into these lines. The Jal Board is unable to help due to the political pressure on them. However, water supply is not required in this cluster for industrial purposes.

- **Power Supply:** The position of electricity has improved in the past few years after the privatisation of the electricity supply.
- **Connectivity:** Almost 95% of the enterprises have stated that though they do have roads within their cluster, the condition is extremely poor. They have also pointed out that has led to a loss of business and potential clients for them as people hesitate to come here due to poor roads.
- **Parking and Warehousing:** While most of the enterprises have privately arranged for parking and storage/ warehousing in their premise, they do agree that a common parking space is required in Okhla where a number of their visitors can park their vehicles and so can the trucks.
- **Other Common Facilities:** In spite of a number of enterprises; micro, small and medium being present in this area there are not many common facilities present here. There are no marketing display centres/ sales depots, raw material banks or training centres present in this area. There is also no information centre or R & D facilities here.

6.2.10 Marketing

Most of the purchasers or clients for these enterprises are present from Delhi itself. More than 60% of the enterprises sell their products in Okhla itself.

- **Market:** More than 75% of the enterprises sell their products to industries. About 20% of the enterprises market their products to wholesale traders.
- **Mode of marketing:** Almost all the enterprises depend on the spreading of the word for marketing their products.
- **Problems:** While almost 60% face a shortage of fund for better marketing, almost 40% have admitted that they face no problems related to marketing.

The absence of convention centres/ meeting place within The Okhla Industrial Area proves a problem to hold client meetings/ conferences here.

Table 6.23: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 6.24: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	62.7
Absence of Marketing know-how	0
No problems	37.3

6.2.11 Support Organisations

A number of associations are present in the Okhla industrial area which includes – The Okhla Factory Owners Association; The Okhla Industrial Association; The Okhla Manufacturers Shed Association; etc. All the enterprises admitted to being aware of these being present. Most of these were also members of at least one of these. However these associations are not activity specific. They are common for all manufacturers present in this area.

The primary survey and discussions with the associations has helped us conclude that these register complaints of the various entrepreneurs and help them solve these problems. These also conduct periodic meetings within themselves in order to understand the current situation. Some have also admitted that these help to liaise with the various government organisations and circulate the various notices received by them. They also provide the enterprises with marketing assistance and take initiatives to improve the business environment.

6.2.12 Evaluation of Govt. Schemes

Few or no enterprises are aware of the various schemes by various government departments for the benefits of the MSME sector.

6.2.13 SWOT Analysis

Strengths <ul style="list-style-type: none">– Market Demand– A number of associations are present in this area.	Opportunities <ul style="list-style-type: none">– Ancillary enterprises are also present within the same cluster.
Weaknesses <ul style="list-style-type: none">– The procedure for sanctioning of loan is very long and time taking while the enterprises require immediate loans.– Poor infrastructure facilities	Threats <ul style="list-style-type: none">– The enterprises are unable to upgrade the technology due to lack of security.

7. Cluster Reports- NIC Code 25

7.1 Plastic Cluster, West Delhi

7.1.1 Cluster Fact Sheet:-

Plastic industry is one of the main activities of the DSIDC Udyog Nagar. This area has been developed by DSIDC. It is well connected with the Delhi-Rohtak Road. Availability of skilled manpower, raw material and market is the main factor for the development of the industry.

Table 7.1: Plastic Cluster - Fact sheet	
Natural/Artificial	Artificial
Geographical Spread	DSIDC Industrial Area
Rural/Urban	Urban
Approx. No. of enterprises	40
Approx % of micro manufacturing enterprises	90
Sample Size	32
Nature of Manufacturing Activity	Plastic Product
Legal Status as per National Capital Region Plan/MPD2021/Other local area development plan	Approved Industrial Area
Authority- Sponsoring/ Implementing etc.	DSIDC

7.1.2 Annual Turnover

Table 7.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	40.6
5-10	56.3
>10	3.1
Total	100

Out of the 32 micro enterprises surveyed, majority of the enterprises (57%) having an annual turnover between ₹ 5 Lakhs to ₹ 10 Lakhs, 41% of the units have a turnover upto ₹ 5 and around 3% registered more than ₹ 10 Lakhs.

7.1.3 Location Preference

69% of the units have cluster benefits was the reason for establishing unit at this location, 47% of units located here due to proximity to market was the main reason while 59% preferred for the availability of skilled man power in this area.

- Majority of the units (81%) are highly satisfied with the space.
- There is a mixed response for the hygiene condition in the area. 44% of the units are highly satisfied with the hygiene condition while 22% told for average for the same.
- Majority of the units (56%) are satisfied with safety condition in the area.

7.1.4 Manpower Availability

- **Employee size:** Majority of the units 34% have employment size more than 5.
- **Problems:**

Table 7.3: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	25.0
6-10	18.8
11-15	21.9
>15	34.4
Total	100

- Only 12% of the units are facing short of skilled man power.
- 62% units have no knowledge about the any organisation to make available the best trained resources while 31% have trust on government organisation

7.1.5 Raw Material Availability

Thread and garments are the main raw material for the industry. Delhi is main source for procuring

raw material.

- **Procurement:** Most of the units (44%) are procuring raw material through bulk suppliers.
- **Costs:** 53% of the units are facing high cost of raw material.
- **Support:** 44% units have trust on government organisations for help them for procuring the raw material while 56% are not aware about the responsible organisation.

7.1.6 Finance/ Credit Availability

Only 37.3 % of the units availed credit facilities.

Table 7.4: Credit facilities	
	% of units
Availed Credit Facilities	46.3
Not availed Credit Facilities	53.1
Total	100.0

- **Source:** out of 15 units 80% of the units have taken credit from government authority through bank under a scheme and 13% units have taken credit got from private money lender.
- **Problems:** 34% told for delay in sanction while only 19% told about the high interest

major problem for taking credit and 47% units have no problem.

Table 7.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	18.8
Lengthy process	9.4
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	46.9
Strict Eligibility Condition	34.4
Other problems	3.1
No problems	0

7.1.7 Technology Upgradation

Table 7.4: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	87.5
Units who did not feel the need for upgradation	9.4
Recently Upgraded	3.1
Total	100.0%

- **Need:** 52% of the units need changes due to the quality improvement of the product while 37% of the units felt that competitors made them the need of change in machine.

- **Problems in upgradation:** almost 87% units are facing short of funds as a major problem for upgradation of their machines.
- **Support:** 87% unaware about the responsible organisation to help them in upgrading the technology while only 3% have trust to government organisation of it.

7.1.8 Design and Development

Almost 81% of the units used to change their design within 3 months.

- **Need:** 100% of units change due to others reasons.

7.1.9 Common Facilities

Table 7.6: Need for upgradation	
Reason for need	% of units
Competitors	37.9
Reduction in waste	10.3
Market Demand	6.9
Quality Improvement	51.7
Large Orders	31.0
Pollution Control	27.6
Availability of Better Technology	3.4
Other Reasons	0

Table 7.7: Upgradation of design	
Frequency of changing design	% of units
0-3 months	81.3
3-6 months	12.5
>6 months	6.3
Total	100.00%

effluent plant of 12 MLD capacities is functioning in industrial area. It covers both Udyog Nagar Nangloi & DSIDC Complex Nangloi. Local Industrial Association has made a society for monitoring the smooth functioning of this plant. It is as per CETP Act, 2000 of the Govt. of NCT of Delhi.

- **Other facilities:** There is lack of all type of facility in the industrial area. But units are getting benefit of Delhi for the different available facility.

Table 7.5: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	87.5
Problems of R&M	0
Absence of Technical Know-how	15.6
Unavailability of domestic market	3.1
Unskilled labour	0
Resistance from labour	0
Other Reasons	6.3

- **Water Supply:** There is no issue of water supply in the industrial area.
- **Power Supply:** Units are facing shortage of power. Almost all the units have their own power backup system. During discussion with the Industrial Association this was confirmed.
- **Connectivity & Truck Parking:** It has a good connectivity as situated on Delhi-Rohtak National Highway 10. Internal roads are reconstructed recently. Heavy vehicles are parked along the internal road of the industrial area.
- **Effluent Treatment Plant:** A dedicated

Table 7.8: Reasons for upgrading design	
Reason	% of units
Competitors	40.6
Changing Trends	25.0
Market demand	68.8
Low sales	3.1
Other reasons	28.1

Table 7.9: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	43.8
Absence of Design know-how	6.3
Resistance from labour	0
Other reasons	50.0
Total	100

7.1.10 Marketing

Table 7.10: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	9.4
Wholesale trader	53.1
Exporter	3.1
Industries	46.9
Govt. Authorities	0
Total	100%

- **Consumers:** Major part of the units 47% are sold to wholesale traders.
- **Mode of marketing:** 100% of the total units depend upon the word of mouth for marketing their products.

Table 7.11: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	10.3
Association directory	0
Advertisements	6.9%
E-Commerce	0
Other means of marketing	0

Table 7.12: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	9.7
Absence of Marketing know-how	19.4
Other reasons	71.0
Total	100

The association told that these enterprises capture the markets in Delhi and other parts of NCR.

7.1.11 Support Organisations

DSIIDC and Industrial association is the main support organisation for development of the industry. There are no exporters or other support agencies in this cluster like technical institutions or NGOs etc working for their welfare.

7.1.12 Evaluation of Govt. Schemes

Very less enterprises are aware about the government schemes. They are aware about schemes like Prime Minister's Employment Generation Programme.

7.1.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Products are available at low cost – User friendly – Nearness to raw material and market 	Opportunities <ul style="list-style-type: none"> – High demand – It replaces wood and iron
Weaknesses <ul style="list-style-type: none"> – Lack of marketing skills – Lack of awareness about new design and technology 	Threats <ul style="list-style-type: none"> – Having major environmental concerns – Less durable


8. Cluster Reports- NIC Code 26

8.1 Terracotta Cluster, Ramgarh, Alwar

8.1.1 Cluster Fact Sheet:-

The craft Clay Pottery is a household industry & the entrepreneur is an artisan who works in his house along with the members of his family. The occupation is hereditary or traditional. The artisans purchase / acquire raw material & manufacture craft for sale.

Table 8.1: Terracotta Cluster - Fact sheet	
Natural/Artificial	Natural
Geographical Spread	Kunja ka chowk and Krishna nagar.
Rural/Urban	Urban
Approx. No. of enterprises	35
Approx % of micro manufacturing enterprises	100%
Nature of Manufacturing Activity	Making of pots
Authority-Sponsoring/Implementing etc.	DIC and R.K.Sansthan, Jaipur



8.1.2 Annual Turnover

Table 8.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-1	2.9
1-2	26.5
2-3	35.3
>3	35.3

Out of the 34 micro enterprises surveyed in which 26% of the units admitted to having an annual turnover of around between ₹ 1 Lakh and ₹ 2 Lakhs, 35% of the units have a turnover of between ₹ 2 and 3 Lakhs.

8.1.3 Location Preference

76% of the units had found availability of raw material as a location preference while 68% preferred residence and 56% for availability of skilled labour was the main reason.

- Majority of the units were facing short of space for carrying out their work. 12% told about very less working space while 56% registered problems of less space.
- 47% of the total units were satisfied with the lighting condition. 79% of the units complained for power cut problem.

Table 8.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	2.9
Availability of physical infrastructure	5.9
Connectivity	32.4
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	76.5
Proximity to market	44.1
Availability of skilled labour	55.9
Local tax incentives	0
Local wage levels	0
Close to residence	67.6
Cluster benefits	20.6
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Hygiene condition is not very good in Kunja ka Chowk. 50% of the units told about the bad condition of the area. It had been found that there was no proper cleaning system which resulted into unhygienic environment. Also 56% of the units complained about the no cleaning of their area.
- Safety is not a big issue in Ramgarh town. 44% of the units are highly satisfied with safety issue while 29% units are satisfied with it.

8.1.4 Manpower Availability

- **Employee size:** Making of terracotta items is carrying out as a traditional activity at household level in Ramgarh. They employed persons as per requirement and it varies with season in a year. 88% of the units having employees on payroll between 1 to 5
- **Problems:**
 - 55.9% of the units told about that skilled employee are available in the market while 41.2% facing short of skilled man power.
 - 70.6% have trust on government organisation to make available the best trained resources.

Table 8.4: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
1-5	88.2
6-10	8.8
>10	2.9
Total	100%

8.1.5 Raw Material Availability

Soil, sand and coal are the main raw material for terracotta industry.

- **Proximity:** Raw material is available in Ramgarh and its nearby areas.
- **Procurement:** Most of the artisans are procuring coal and sand from bulk supplier or through agents. Only 12% procure directly.
- **Costs:** 76% of the units are facing high cost of raw material procurement while 35% units told about the transportation cost of raw material a big problem.
- **Support:** 71% units have trust on government organisations for help them for procuring the raw material while 26% are not aware about the responsible organisation for that.

8.1.6 Finance/ Credit Availability

Out of 34 surveyed units only 20.6% of them availed credit facilities.

Table 8.4: Credit facilities	
	% of units
Availed Credit Facilities	20.6
Not availed Credit Facilities	79.4
Total	100.0

- **Source:** 7 units had taken credit out of which 57% unit got from government authority through bank under scheme while 43% got from private money lenders.
- **Problems:** 65% of the respondents find that strict eligibility condition as a major barrier for availing credit/finance while 26.5% told about the high interest for the same.
- **Working Capital Loans:** Only 15% of the units availed the working capital loans while 5.9% told that they didn't require it.

Table 8.5: Problems forced in availing credit	
Problem	% of units facing problem
High interest rate	26.5
Lengthy process	2.9
Untimely disbursement of funds	0
Unsuitable repayment schedules	2.9
Delay in sanction	11.8
Strict Eligibility Condition	64.7
Other problems	2.9
No problems	5.9

Artisans are getting Artisan Credit Card (ACC) from district lead bank Punjab National Bank. During discussion with the bank official it has been found that terracotta areseans has not been given advantages for the ACC distribution in compare to the marbel murti kala arteaseans at the begging. Now bank is going to provide ACC to them also.

8.1.7 Technology Upgradation

Table 8.5: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	79.4
Units who did not feel the need for upgradation	17.6
Recently Upgraded	2.9
Total	100.0%

- **Need:** 53.6% of the total responses felt that technology upgradation is required to place the large order while 32.1% thought that it is for quality improvement.
- **Problems in upgradation:** 88.2% facing short of funds as a major problem for upgradation of their machines.
- **Support:** 64.7% have trust to government organisation to help them in upgrading the technology while 29.4% unaware about the responsible organisation of it.

8.1.8 Design and Development

Almost 79.4% of the units used to change their design within 3 months.

- **Need:** 97.1% units need to change their design for betterment due to market

Table 8.7: Need for upgradation	
Reason for need	% of units
Competitors	21.4
Reduction in waste	7.1
Cost ineffectiveness	3.6
Quality Improvement	32.1
Large Orders	53.6
Pollution Control	0
Availability of Better Technology	17.9
Other Reasons	0

Table 8.8: Upgradation of design	
Frequency of changing design	% of units
0-3 months	79.4
3-6 months	17.6
>6 months	2.9
Total	100.00

concerned department and local body they told that they are trying to solve as early as possible.

- **Power Supply:** Intermittent power supply is the only problem in this area. Now some of the artisans are using electrified machines so they require regular power supply.
- **Telecommunication:** The telecommunication not a big issue.
- **Truck Parking:** Terracotta activity is concentrated in old city area of Ramgarh town. the approach road is very narrow. They are taking intermediate transportation for movement of their product.
- **Other facilities:** There is no other facility for development of the industry. R.K.Sansthan of Jaipur had intervened with the District Industry Centre (DIC), Alwar for development of the cluster.

Table 8.6: Problems faced in upgradation

Problems faced in upgradation	% of units
Shortage of funds	88.2
Problems of R&M	0
Absence of Technical Know-how	0
Unavailability of domestic market	0
Unskilled labour	2.9
Resistance from labour	2.9
Other Reasons	8.8

demand.

- **Support:** 94.1% of these units changed this design by themselves only.

8.1.9 Common Facilities

- **Water Supply:** Water is supplied by public health dept. to the urban area. Some of the units are having their own system. There is no proper drainage system in the area. Water logging has been observed in winter season. Local people told that the condition becomes very pathetic in rainy season. When asked about the problems of the

Table 8.9: Reasons for upgrading design

Reason	% of units
Competitors	29.4
Changing Trends	11.8
Market demand	97.1
Low sales	0
Other reasons	0

Table 8.10: Problems faced in upgrading design

Problems	% of units
Shortage of funds	61.8
Absence of Design know-how	5.9
Resistance from labour	5.9
Other reasons	32.4
Total	100

8.1.10 Marketing

Table 8.11: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	67.6
Wholesale trader	67.6
Exporter	0
Industries	0
Govt. Authorities	5.9
Total	100

- **Market:** Major part of units (44.12%) sold their products in local market of Ramgarh only and 38.2% units send for sale in Delhi.
- **Consumers:** equal number retail consumers and wholesale traders are the main buyers of their product.

Table 8.12: Modes of marketing	
Major means of marketing	% of units
Word of mouth	79.4
Exhibitions/ Melas	11.8
Association directory	14.7
Advertisements	0
E-Commerce	0
Other means of marketing	5.9

Table 8.13: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	29.4
Absence of Marketing know-how	23.5
Other reasons	47.1
Total	100

- **Mode of marketing:** 79.4% of the total units depend upon the word of mouth for marketing their products.

8.1.11 Support Organisations

R.K.Sansthan of Jaipur intervened with the District Industry Centre (DIC) in the area of training and capacity building among the artisans for development of terracotta cluster.

8.1.12 Evaluation of Govt. Schemes

Though the cluster development programme is finished it has been found that there is less interest in any govt programme.

8.1.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Availability of skilled manpower – Products are used in daily life and it is available at low cost 	Opportunities <ul style="list-style-type: none"> – As products have high aesthetic value so it is popular in all class – High demand in international market
Weaknesses <ul style="list-style-type: none"> – Using old technology – Lack of marketing skills 	Threats <ul style="list-style-type: none"> – Demand is declining

8.2 Murti Kala Cluster, Ramgarh, Alwar

8.2.1 Cluster Fact Sheet:-

Land of Rajasthan is full of mineral resources particularly marble and red sand stone. It is one of the major causes for development of stone based industry in this region. Activities related to the stone works provide employment of large section of the people. District Alwar has taken advantage of nearness to the raw material for the development of Murti Kala activity. Gola Ka Bass and Ramgarh has emerged as hub of this activity. Murti Kala in Ramgarh is spread to the extent of Ramgarh Town, Ram Nagar village and near by areas. Maximum units are found along the both sides of the Delhi- Alwar Road and Ramgarh- Bahadurpur road.

Table 8.14: Murti Kala Cluster - Fact sheet	
Natural/Artificial	Natural
Geographical Spread	Ramgarh Town
Rural/Urban	Urban
Approx. No. of enterprises	200
Approx % of micro manufacturing enterprises	100%
Nature of Manufacturing Activity	Making of marble statues and handicraft



8.2.2 Annual Turnover

Table 8.15: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-1	2.8
1-2	22.5
2-3	29.6
3-4	40.8
>4	4.2

Out of the 71 micro enterprises surveyed, 40% of the units admitted to having an annual turnover of around between ₹ 3 Lakh and ₹ 4 Lakhs, 4% of the units have a turnover of more than ₹ 4 Lakhs. The average turnover of each unit is approximately ₹ 3 lakhs.

8.2.3 Location Preference

71.8% of units located here preferred for availability of skilled labour while 59.2% of the units had found nearness to residence was the main reason.

- Majority of the units (62%) were facing short of space. 33.8% told about very less working space while 28.2% registered problems of less space. They do not have proper space for to store their stones. They have put it in front of their shops along the roads. It causes encroachment of roads. Some times government officials take action for this encroachment.

- 45.1% of the total units were satisfied with the lighting condition. 56.3% of the units complained for power cut problem.
- Hygiene condition is average in this area. Murti kala activity is established in new developed residential area which is out side the old city along the Alwar-Delhi Road and Bahadurgarh road. This part of the city is more open. Dust coming from grinding of marble stone causes pollution in the area is the major problem. 73.2% of the units registered below the average of cleanness.

Table 8.16: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	5.6
Availability of physical infrastructure	4.2
Connectivity	45.1
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	29.6
Proximity to market	53.5
Availability of skilled labour	71.8
Local tax incentives	1.4
Local wage levels	1.4
Close to residence	59.2
Cluster benefits	28.2
Easy availability of credit	1.4
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

and nearby villages.

- **Problems:** 87.3% of the units are facing shortage of funds in availability of skilled employees/skill upgradation.
- 76.1% have trust on government organisation to make available the best trained resources while 12.7% units have no knowledge about the any organisation for that.

8.2.5 Raw Material Availability

Marble stone is the main raw material for Murti Kala industry.

Proximity: Ramgarh Murti Kala cluster gets benefit of nearness to the raw material availability. It is one of the pull factor for the developing this industry in this area. Artisans are procuring stones from Alwar, Makarana and Ramgarh.

- **Procurement:** Most of the artisans (81.7%) are procuring raw material directly while 11.3% getting through agents.
- **Costs:** 60.6% of the units facing high cost of transportation problem for raw material procurement while 56.3% told about the high cost of the raw material for the same.

- More than 50% of the units are not satisfied with the safety issue in Ramgarh town. During discussion with artisans theft cases of stones in the night has been reported as they don't have proper store.

Table 8.17: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
1-5	94.4
6-10	4.2
>10	1.4
Total	100

8.2.4 Manpower Availability

- **Employee size:** it is labour intense activity. Almost 94 % of the units have employment size between 1 to 5. Maximum employees are local and coming from Ramgarh town

- **Support:** 48% units have trust on government organisations for help them for procuring the raw material while 31.4% are not aware about the responsible organisation.

8.2.6 Finance/ Credit Availability

16.9% of the units availed credit facilities.

Table 8.18: Credit facilities	
	% of units
Availed Credit Facilities	16.9
Not availed Credit Facilities	83.1
Total	100.0

- **Source:** 12 units had taken credit out of which 60% unit got from government authority through bank under scheme while 30% got from private money lenders.
- **Problems:** 56% of the units told about the strict eligibility condition as a main problem for availing credit/finance while 39.4% told about the high interest for the same.
- **Working Capital Loans:** Only 22.5% of the units availed the working capital loans while 5.6% told that they didn't require it.

Table 8.19: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	39.4
Lengthy process	15.5
Untimely disbursement of funds	1.4
Unsuitable repayment schedules	1.4
Delay in sanction	18.3
Strict Eligibility Condition	56.3
Other problems	2.8
No problems	4.2

Table 8.20: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	83.1
Units who did not feel the need for upgradation	16.9
Recently Upgraded	0
Total	100.0%

During discussion with financial institutions it has come out that Punjab National Bank (PNB) which is the lead bank of the district has started distribution of Artisan Credit Card (ACC) to the artisans. This card is issued to 60 artisans related to Marble Murti Kala activity. PNB is planning to take all artisans in this plan. ACC will help them for procuring raw materials.

8.2.7 Technology Upgradation

responsible organisation of it.

- **Need:** 42% of the units feel that upgradation is required due to competitors while 36% told for the better technology.
- **Problems in upgradation:** 93% facing short of funds as a major problem for upgradation of their machines.
- **Support:** 62% have trust to government organisation to help them in upgrading the technology while 17% unaware about the

8.2.8 Design and Development

Almost 88.7% of the units used to change their design within 3 months.

- **Need:** 67.6% units need to change their design for betterment due to market demand while 38% feels for the competitors.

Table 8.22: Need for upgradation	
Reason for need	% of units
Competitors	42.4
Reduction in waste	11.9
Cost ineffectiveness	3.4
Quality Improvement	16.9
Large Orders	25.4
Pollution Control	0
Availability of Better Technology	35.6
Other Reasons	1.7

Table 8.23: Upgradation of design	
Frequency of changing design	% of units
0-3 months	88.7
3-6 months	11.3
>6 months	0
Total	100

Table 8.24: Reasons for upgrading design	
Reason	% of units
Competitors	38
Changing Trends	25.4
Market demand	67.6
Low sales	1.4
Other reasons	0

are getting less power supply compare to the Ramgarh town. Now these units are shifting to Ramgarh town from the villages. It is one of the causes for growth of the town. Now a days Ramgarh town is facing short of power supply.

- **Telecommunication:** The telecommunication not a big issue.
- **Truck Parking:** There is no proper truck parking in Ramgarh. Basically raw material is transported through the Trucks and frequency is high. As it is very small town and outskirts area is vacant. This area is used for the truck parking.

Table 8.21: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	93
Problems of R&M	5.6
Absence of Technical Know-how	2.8
Unavailability of domestic market	2.8
Unskilled labour	1.4
Resistance from labour	0
Other Reasons	1.4

- **Support:** 94. % of these units changed this design by themselves only.
- 86% of the units are not able to adopt better designs due to shortage of funds.

8.2.9 Common Facilities

- **Water Supply:** Water is supplied by public health dept. to the urban area. Due to less number of stand post people are using hand pumps. Enterprises have complained that they are not getting regular water supply but at the same time govt officials has denied this allegations.
- **Power Supply:** Intermittent power supply is a major problem in this area. Maximum work grinding and rubbing is done by electrified machines. As already told that Murti Kala activity is spared to near by villages of Ramgarh town. These villages

Table 8.25: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	85.9
Absence of Design know-how	7
Resistance from labour	2.8
Other reasons	5.6
Total	100

- **Warehousing** : Units are facing lack of storage facility of their raw material. Due to lack of space they putting it along the road sides in open space. It causes many problems like encroachment of government land and causing disturbing the road traffic.
- **Pollution** : Air pollution is high in the area. Grinding of the stones produces large amount of dust in air. As units are running in the residential area so it is badly affected. It results confrontation between local residents and enterprises.
- **Other facilities**: There is no other facility like information centres, training centres for development of the industry. Artisans are getting training in Jaipur and other parts of Rajasthan and starts there own units.

8.2.10 Marketing

Table 8.26: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	35.2
Wholesale trader	77.5
Exporter	1.4
Industries	0
Govt. Authorities	0
Total	100%

- **Market**: Major part of units (44%) sold their products in local market of Ramgarh only and 38.2% units send for sale in Delhi. During study it has been found that their clients are come to Ramgarh and gives order here only.
- **Consumers**: Major consumers are Wholesale traders. 77% of the units sale their product to them while 35% of the

units sale to retail consumers and almost 1% unit has sold to the exporters.

Table 8.27: Modes of marketing	
Major means of marketing	% of units
Word of mouth	93.0
Exhibitions/ Melas	5.6
Association directory	1.4
Advertisements	1.4
E-Commerce	0
Other means of marketing	0

Table 8.28: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	33.8
Absence of Marketing know-how	5.6
Other reasons	60.6
Total	100%

- **Mode of marketing**: 93% of the total units depend upon the word of mouth for marketing their products.

8.2.11 Support Organisations

There is no support organisation for developing the industry. Even enterprises have not made any association. They are solving the problems at individual level.

8.2.12 Evaluation of Govt. Schemes

Some of the units has taken benefits of government schemes. 10% of the units get benefit of PMEGP. It has been observed that enterprises are very keen to take benefits of govt. schemes.

8.2.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Availability of skilled manpower – Nearness to raw material 	Opportunities <ul style="list-style-type: none"> – Marble statues and handicraft are popular in tourist places and High demand in international market – High demand of statues of Hindu Gods & Goddess
Weaknesses <ul style="list-style-type: none"> – No proper space & high pollution in residential areas – Lack of marketing skills <p>Lack of awareness about new design and technology</p>	Threats <ul style="list-style-type: none"> – High cost limits the market

8.3 Pottery & Ceramics Cluster, Bulandshahr

8.3.1 Cluster Fact Sheet:-

The pottery and ceramics cluster in Bulandshahr district is located in Khurja town. Khurja pottery cluster is engaged in the production of various types of ceramic products such as stoneware and bone china crockery, HT (high tension) and LT (low tension) insulators, sanitary wares, decorative wares, and chemical porcelain.

The cluster comprises dependent and independent pottery units. Though this industry is found all over Khurja, larger concentrations can be found on GT Road, Industrial Area and Muda Khera areas. There are more than 400 industries in Khurja out of which majority of them would be micro industries.

These industries have been declared as a cluster and have been taken up for intervention under the MSE-CDP scheme of the Mo MSME. TERI was entrusted the responsibility for preparation of diagnostic study for this cluster. CGCRI was then chosen as the implementing agency for this.

Table 8.29: Pottery & Ceramics Cluster- Fact sheet	
Cluster Type	Natural Cluster
Geographical Spread	GT Road, Muda Khera, Pottery Industrial Area; Khurja town.
Rural/Urban	Urban
Approx. No. of enterprises	>400
Approx % of micro manufacturing enterprises	95%
Nature of Manufacturing Activity	Manufacture of non metallic products; Manufacture of non-refractory ceramics.
Implementing Authority	MoMSME, with support of CIPET



8.3.2 Annual Turnover

Table 8.30: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
< 1	2.0
1-2	70
2-3	24
3-4	4
Total	100

About 70% of the units have a turnover in the range of ₹ 1 Lakhs - ₹ 2 Lakhs. 24% have their turnover between ₹ 2 – 3 Lakhs. The average turnover per unit is around ₹ 2.5 Lakhs.

Secondary study and discussions with the association has helped infer that the annual turnover from the existing enterprises amounts to about 100 Crores.

8.3.3 Location Preference

Due to the interventions done by CGCRI, almost 60% have pointed out to the availability of industrial sheds as the reason for preferring the present location. About 75% have attributed their reason for setting up of units at Khurja due to the availability of raw materials, while 70% have done so due to availability of skilled labour. While only 34% has attributed it to nearness to residence, 28% have attributed it to the cluster benefits available to them.

Table 8.31: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	58
Availability of physical infrastructure	0
Connectivity	16
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	76
Proximity to market	24
Availability of skilled labour	70
Local tax incentives	0
Local wage levels	4.0
Close to residence	34
Cluster benefits	28
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Almost 70% of surveyed units have rated the lighting conditions in their work place as 3 (on a scale of 1 to 5). The workers are moderately satisfied with the lighting conditions in their units. They are not completely satisfied because in spite of having an industrial feeder, power outages are seen on a daily basis.
- Majority of the units are moderately to highly satisfied with the space in their units with above 80% having rated it from between 3 to 5.
- More than 70% of the units are not very much satisfied with the hygiene conditions in their units and its surroundings. They have complains regarding the periodic cleaning not taking place.
- Greater than 80% of the units rate safety very highly in their cluster with them rating it

as 4 or 5.

8.3.4 Manpower Availability

Table 8.32: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	54
6-10	28
11-15	6
>15	12
Total	100

Most units employ from between 0 to 5 workers in the manufacturing process. Almost 50% of the units employ 0-5 workers. Around 30% of the units employ between 6 -10 workers. The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and also their wage levels.

- **Skill:** As per the primary survey, more than 85% have confirmed the availability of

skilled labour in the market. The credit for this can be given to CGCRI who hold skill upgradation programmes on a regular basis.

Problems: Around 70% of the units face a problem of fund shortage in employing skilled workers or upgrading the skills of their workers. Not many face a problem of non availability of training institutes or workshops or courses. This could be because of the successful intervention by CGCRI. CGCRI has a technical centre in Khurja that keeps holding seminars and workshops to upgrade the skills.

- **Support:** More than 80% of the units trust the government organisations in providing trained resources and skill upgradation- this could be an outcome of the intervention.

8.3.5 Raw Material Availability

- **Proximity:** Most of the units get their raw material from Khurja itself. Greater than 60% procure it from bulk suppliers. These bulk suppliers procure it from various places all over India.
- **Costs:** Above 75% of the units face the problem of high cost of raw material- this could be because they have to procure it from a bulk supplier and are unable to do so directly. Also above 50% complained of fluctuating costs and high transportation costs.
- **Support:** 80% of the units looked upto the government organisations for support in this matter.

Secondary research has also brought out that the units at Khurja use inferior quality of raw materials and do not use scientific methods for raw material processing and fabrication – which seems to have been improved since the coming up of CGCRI in this cluster. The association informed us that a government raw material bank would be of immense help to them. They are already holding talks with a number of officials for his purpose.

8.3.6 Finance/ Credit Availability

Table 8.33: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	12.2
Lengthy process	40.8
Untimely disbursement of funds	0
Unsuitable repayment schedules	4.1
Delay in sanction	16.3
Strict Eligibility Condition	4.1
Other problems (Commission/ Corrupt Officers/ address proof)	28.6
No problems	24.5
* This was a multiple answer question, the total may add up to more than 100%	

Almost 90% of the units had not availed any loan facilities. Only 5 units (app. 10%) admitted to availing credit facility. All these units had done so through banks.

Problems: 41% informed us that the major problem faced by them in availing credit was its lengthy procedure, whereas 25% were troubled by the delayed sanctioning of loans. Their grievance was that the loans are sanctioned much after the time of requirement. Almost 30% also complained about various other reasons like they had to give commission to agents in order to avail loans, inability to produce address proof and corrupt officials.

8.3.7 Technology Upgradation

It was found from the primary survey that above 95% of the units felt the requirement for upgradation of technology. This could be an implication of the interventions of undertaken by CGCRI. CGCRI holds periodic workshops and seminars for the units and their workers – in which majority of them participate. In these workshops they inform and demonstrate to the units the latest technology.

Table 8.34: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	96
Units who did not feel the need for upgradation	4
Total	100

- **Need:** More than 60% of the units feel the need to keep up grading the technology due to the competition they face. Surprisingly, almost an equal number also stated they need to change the technology in order to reduce the waste produced. Above 30% pointed out to this need for quality improvement purposes and due to the large orders that are placed with them. This shows that the units are quite aware of the new

technology and the various advantages of this.

- **Problems in upgradation:** Where more than 90% of the units faced a problem of shortage of funds in upgrading to the newest technology, about 10% also faced the problem of absence of technical know-how and unskilled labour.
- **Support:** In this case more than 80% units trust the government to provide support technical support - in terms of awareness, funds or subsidies, training etc.

Table 8.35: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	64.6
Reduction in waste	54.2
Cost ineffectiveness	6.3
Quality Improvement	35.4
Large Orders	33.3
Pollution Control	0
Availability of Better Technology	2.1
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

The secondary survey reveals that the international ceramic manufacturing has undergone considerable technological changes over the years; however technological stagnation has been noticed in Khurja pottery cluster. Majority of the units at Khurja still use obsolete technology downdraft kilns that have higher production costs, lower profit margins, higher fuel consumption, and higher level of pollution. However, with the coming up of CGCRI; the

pottery cluster has witnessed adoption of energy-efficient oil-fired tunnel and shuttle kilns.

8.3.8 Design and Development

Table 8.37: Upgradation of design	
Frequency of changing design	% of units
<1 months	6.0
1-3 months	34
3-5 months	6.0
5-7 months	46
> 7 months	8.0
Total	100

Table 8.36: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	90
Problems of R&M	2.0
Absence of Technical Know-how	12
Unavailability of domestic market	0
Unskilled labour	10
Resistance from labour	0
Other Reasons (Did not face problem)	4

More than 90% of the units change their designs within a time span of 6 months.

- **Need:** About 80% of the units do so as per the market demand; more than 40%

of the units do so as per the competition faced from the other units. Around 10 -15% of the units also do so based on the changing trends and the sales.

- **Problems:** Majority of the units (> 80%) face a major problem of shortage of funds in upgrading their designs, where about 15% of the units face an absence of design knowledge.

Table 8.38: Need for upgrading design *	
Reason	% of units
Competitors	42.9
Changing Trends	14.3
Market demand	79.6
Low sales	12.2
Not required	2
* This was a multiple answer question, the total may add up to more than 100%	

The association informs us that the cluster though gets technical support from CGCRI; the institute does not provide much assistance on design development.

8.3.9 Common Facilities

- **Water Supply:** As per the information received during the primary survey the units do receive water supply- majority of the units agree to it. Also it was found that about 65% receives water supply from private sources – they arrange for water on their own. They have installed their own tube wells or arrange for private tankers to supply water to them. This industry requires large quantities of water for their manufacturing process. They are partly satisfied with the present water quality. They have also clarified that they trust only themselves for proper water supply.
- **Power Supply:** 100% of the units agree to power being supplied to them by the Uttar Pradesh Power Corporation Ltd. However, not even 20% are satisfied with the condition of power supply.

Table 8.39: Problems faced in upgrading design *	
Reason	% of units
Shortage of funds	81.3
Absence of design know-how	14.6
Resistance from labour	4.2
Not required	8.3
Not answered	0
* This was a multiple answer question, the total may add up to more than 100%	

On probing into this matter, it came to light that even though this area has been designated an industrial feeder, there still are untimely power cuts during the day, which may last upto two hours. When questioned, the concerned department revealed that a number of complaints are lodged daily basis in order to correct which they have to shut down the power supply. We can infer from this that the quality of power supply is poor.

- **Connectivity:** Almost 80% of the units are dissatisfied with the condition of the road network – even though they are located in the main road- GT Road. During our visit to the

site, this was verified. The condition of the roads leads to breakage of large number of finished products during its transportation to the major markets.

- **Truck Parking:** Truck parking though required for this industry is not present here. The units therefore provide parking to the trucks within their premise or on the main road directly outside their unit. This at time leads to congestion. Another problem that is faced due to this is a lack of safety.
- **Other facilities:** A training and R&D centre is already present in the cluster. It however does not have a production centre or parking. Warehouses at a common level are also not there – however the units do not feel the requirement of this as they store their goods within their units itself. In this cluster an effluent treatment plant is a requirement which is not present. First aid centres or canteens are also absent here.

8.3.10 Marketing

Table 8.40: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	28
Wholesale Trader	90
Exporter	6
Industries	0
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

The first point of sale for almost 80% of the units is Khurja. The market for the products is all over India.

- **Market:** Where more than 90% of the units sell their products to wholesale traders, around 30% sell their products to retailers. While there is a huge export market for the products less than 10% are directly linked with exporters.

Table 8.41: Modes of marketing*	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	2.0
Association directory	0
Advertisements	0
E-Commerce	0
Other	2.0
* This was a multiple answer question, the total may add up to more than 100%	

Table 8.42: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	56
Absence of Marketing know-how	6.0
No problems	38

- **Mode of marketing:** While all the units first depend on word of mouth for marketing their products, very few also put up their products on display at exhibitions and melas. They otherwise do not use any other mode of marketing.
- **Problems:** In order to use any other mode of marketing almost 55% of the units face a problem of shortage of funds. Some have also mentioned that they face an absence of marketing know-how.

The association has pointed out that the units do not receive any support from the government. They should be promoted and encouraged to set up stalls at melas and exhibitions at state and national level.

8.3.11 Support Organisations

The Khurja Pottery Manufacturers Association is a strong body that liaises with the various government bodies and line departments. It is also rallying for creation of a raw material bank. More than 50% of the enterprises recognise this association. According to almost 65% of the enterprises the association is responsible for registering of complains and solving the various problems faced by these enterprises. They also help in technology upgradation working together with the CGCRI.

The association is extremely positive about the growth of the industry. With the market for iron and plastics going down, the market for ceramics is on a rise.

8.3.12 Evaluation of Govt. Schemes

Almost 20% of the units were aware of the MSE-CDP programme under the Mo MSME. More than 10% were also aware of the Baba Saheb Ambedkar Hastshilp Vikas Yojana and Prime Minister's Employment Generation Programme. They are unaware of the other schemes. This implies that the units are partially aware of the government benefits that could be availed by them.

8.3.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Intervention by CGCRI – technical & R&D facilities are being provided. – Very strong market- national and international. – High levels of awareness in the units. 	Opportunities <ul style="list-style-type: none"> – The industrial area has been provided an industrial feeder. – The association is already working for a raw material bank.
Weaknesses <ul style="list-style-type: none"> – Poor roads- large amounts of wastage of finished goods. – Absence of warehouses for raw materials and waste dumping grounds. – No design related interventions. 	Threats <ul style="list-style-type: none"> – Absence of credit related links. – The units do not believe that the government authority can solve their water requirement problems – they depend on self.

9. Cluster Reports- NIC Code -27

9.1 Foundry Cluster, Samalkha, Panipat

Samalkha town is located in Panipat district. The cluster primarily consists of basic metal foundries along NH-1 and in the industrial area located in the vicinity of the town. Haryana State Industrial Infrastructure Development Corporation (HSIIDC) developed the industrial area to harness the industrial potential of the region.

Table 9.1: Foundry Cluster- Fact sheet	
Natural/Artificial	Natural
Geographical Spread	Along GT Karnal Road and Industrial area, Samalkha.
Rural/Urban	Urban
Approx. No. of enterprises	35
Approx % of micro manufacturing enterprises	100
Nature of Manufacturing Activity	Casting of fodder cutting machines.



9.1.1 Annual Turnover

Table 9.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	52
5-10	48
Not Answered	0
Total	100

About 52% of the units have a turnover in the range of ₹ 0-5 Lakhs. 48% have their annual turnover in the range of ₹ 5-10 Lakhs. The average turnover per unit is around ₹ 5.59 Lakhs.

Secondary study infers that the annual turnover from the existing enterprises is about ₹ 1.51 Crores.

9.1.2 Location Preference

The cluster is located along NH-1 on the outskirts of Samalkha town in Panipat district. This indicates good regional connectivity. But, the internal roads of the industrial area are broadly in fair condition. Haryana State Industrial Infrastructure Development Corporation (HSIIDC) has developed the area with all basic infrastructure facilities necessary for development of an industrial area. The cluster benefits (81%) provided by HSIIDC and availability of Industrial sheds (54%) play a crucial role in the location preference of the cluster. Also, other key factors such as proximity to market (46%) and residence (39%), availability of raw materials (35%) and skilled labour (35%) adds to the existing location preference of these clusters. Besides these, availability of physical infrastructure (4%), connectivity (4%) and local wage levels (4%) are the other supporting factors for location preference.

- Almost 56% of the surveyed units have rated the lighting conditions in their work place as 3, 33% of the surveyed units have rated as 2 while 11% of the surveyed units have rated the lighting conditions as 4 (on a scale of 1 to 5). The workers are merely satisfied with the lighting conditions in their units. Though, about 63% of the surveyed units

needs more power supply for lighting because of power cuts on a daily basis forcing the enterprises to opt for private power generation units.

Table 9.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	53.8
Availability of physical infrastructure	3.8
Connectivity	3.8
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	34.6
Proximity to market	46.2
Availability of skilled labour	34.6
Local tax incentives	0
Local wage levels	3.8
Close to residence	38.5
Cluster benefits	80.8
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Almost 33% of the surveyed units have rated the space availability in their working place as 5 (on a scale of 1 to 5) and about 22% of the units have rated the space availability as 3. Besides these, almost 25% of the units rated the working space availability in the range of 1-2. Almost 44% of the surveyed units felt the need for more working space to be made available.
- Majority of the units (52%) are not satisfied with the hygiene conditions in their working place and have rated the hygiene conditions in the range of 1 to 2 (on a scale of 1 to 5) whereas about 30% of the surveyed units have rated the hygiene conditions as 3. Also, about 11% of the surveyed units have rated the hygiene conditions as 4. This indicates that the hygiene conditions are majorly dependent on the industrial units and supported by the state industrial

development agencies for providing efficient supporting infrastructure.

- Timely cleaning of the manufacturing units and its vicinity is an issue with more than 52% of the surveyed units. Only 7% of the surveyed units are highly satisfied with the cleaning of the manufacturing units.
- About 74% of the surveyed units felt that the cluster as highly secure in terms of Safety issues and have rated the working place safety in a range of 4 to 5 (on a scale of 1 to 5). On the contrary, about 4% and 11% of the surveyed units felt that the cluster as highly vulnerable in terms of working place safety and have rated the as 1 and 2 respectively (on a scale of 1 to 5). This indicates a disparity in the working place safety standards largely at the unit level.

9.1.3 Manpower Availability

It is revealed from the primary survey that about 41% of the units employ in the range of 6-10 workers (on payroll). Also, about 15% of the surveyed units employ 11-15 workers while about 11% units employed 0-5 workers (on payroll). Almost 33% units have employed more than 15 workers in their manufacturing facilities. The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and also their wage levels

- **Skill:** From the primary survey, it is observed that around 22% of the manufacturing units have 6 skilled workers; about 15% of the surveyed units have 2 skilled workers and about

8% units have 4-20 skilled workers. Only about 4% of the surveyed units have 22 skilled workers in their personnel strength.

- **Problems:** It is observed from the primary survey, that about 22% of the manufacturing units face problems in availing skilled labour from the market. Also, almost 22% of the manufacturing units face a problem in upgrading the skills of their workers and about 4% of the manufacturing units face a problem due to non availability of required course/training of skilled employees as well as skill upgradation of employees. But, about 26% of the manufacturing units face major problem of high attrition of skilled labour.

Table 9.4: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	11.2
6-10	40.7
11-15	14.8
>15	33.3
Total	100

procuring best trained resource. But, almost 48% of the surveyed units are uncertain to trust any of these authorities.

- **Support:** About 45% of the units trust the government organisations in providing trained resources and skill upgradation. Also, about 8% of the surveyed units trust local industrial associations and industrial federation in

9.1.4 Raw Material Availability

Iron ore, nonusable iron pieces and coal are the key raw material components required in the foundry cluster.

- **Proximity:** The primary source of raw material availability is from Delhi. The raw material is also procured from Panipat and states such as Jharkhand, Orissa, Rajasthan, Chhatisgarh, Orissa, Karnataka and Goa. More than 22% of the manufacturing units procure their raw material from Delhi. Besides these, about 19% of the surveyed manufacturing units procure the raw material from Punjab. About 48% of these units directly procure raw materials from bulk suppliers whereas only 4% of the surveyed units procure raw materials from local market. Also, about 48% of the surveyed manufacturing units procure raw material from agents.
- **Costs:** Almost 85% of the surveyed units face the problem of high cost of raw material- this could be because they procure it local markets and in certain cases agents. Also, about 31% of the surveyed units faced the problem of fluctuating costs in raw material procurement. Besides these about 8% of the surveyed units stated problem of high transportation costs while about 4% of the units faced the problem of supply shortage and labour employed for raw material procurement. Due to these factors, raw material cost fluctuates at an uncertain level.
- **Support:** About 48% of the units trust government organisations for support in raw material procurement whereas only 4% of the units trust private institutes for support in

raw material procurement. About 48% of the units are uncertain to trust any of these authorities.

9.1.5 Finance/ Credit Availability

Table 9.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	7.4
Lengthy process	14.8
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	0
Strict Eligibility Condition	0
Other problems	0
No problems	77.8

It is observed from the primary survey that almost 56% of the units had not availed any loan facilities. About 44% of the surveyed units availed credit facilities. About 75% of these units availed loans from government schemes and nationalized banks while about 33% of these units availed loans from private money lenders.

- **Problems:** About 20% of the surveyed micro (manufacturing) units voted High

Interest Rate as one of the major problem in availing credit/finance. Almost 15% units stated the Lengthy Process while 8% units stated the high interest rate as the major problem in availing credit/finance. Their grievance was that the loans are unavailable due to proper paper work. On the contrary, about 78% of the surveyed micro (manufacturing) units did not face any major problem in availing credit/finance facilities.

9.1.6 Technology Upgradation

From the primary survey, it is observed that about 74% of micro (manufacturing) units felt the need for technology upgradation.

Table 9.5: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	74.1
Units who did not feel the need for upgradation	25.9
Total	100

- **Need:** It is observed from the primary survey that almost 65% of the micro (manufacturing) units primarily felt the need for upgrading the technology in order to reduce the wastage generated during the manufacturing process while about 10% felt the need in order to reduce pollution. Besides these, about 15%

of the units felt the need to upgrade to install better technology for higher production. Also about 10% of the surveyed units felt the need for upgrading the technology in order to compete with other enterprises and keep with the market and also to handle large orders. About 4% of the surveyed units did not felt the need for technology upgradation.

- **Problems in upgradation:** It is observed from the primary survey that about 59% of surveyed units stated that Shortage of Funds for machinery upgradation is the key problem in technology upgradation. Besides this, about 22% of the surveyed units faced the problem due to non-availability of skilled labour whereas about 15% of the surveyed

units faced the problem due to lack of knowledge of technical know-how of the machinery including repairs and maintenance.

- **Support:** It is revealed from the primary survey that almost 45% units trust the government organizations while about 8% units trust private institutes to provide technical support (in terms of awareness, funds or subsidies, training etc.) in upgrading the technology. About 45% of the surveyed units are uncertain about seeking for technical support for technology upgradation.

9.1.7 Design and Development

About 37% of the units change their designs within a time span of 1-6 months. While, about 8% of the units change their designs in a time frame of either 3-6 months while about 56% of the surveyed

Table 9.7: Need for upgradation	
Reason for need	% of units
Competitors	10
Reduction in waste	65
Market Demand	0
Quality Improvement	10
Large Orders	10
Pollution Control	10
Availability of Better Technology	15
Other Reasons	0

Table 9.8: Upgradation of design	
Frequency of changing design	% of units
0-3 months	37.0
3-6 months	7.4
>6 months	55.6
Total	100

surveyed units face shortage of funds as a major problem in upgrading their designs while

Table 9.9: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	18.5
Absence of Design know-how	11.1
Resistance from labour	29.6
Other reasons	51.9
Total	100

and design development programmes. Also, about 52% of the surveyed units are unable to adopt better designs due to other reasons which could be lack of willingness to experiment.

Table 9.6: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	59.3
Problems of R&M	11.1
Absence of Technical Know-how	14.8
Unavailability of domestic market	0
Unskilled labour	22.2
Resistance from labour	0
Other Reasons	3.7

units change their designs in a time frame of more than 6 months. This indicates that the micro (manufacturing) units handle a variety of work orders.

- **Need:** Almost 100% of the surveyed units update/change their design as per the market demand. Besides this, about 4% of the surveyed units update their design in order to compete with other enterprises and also depend on the changing trends. This indicates the enterprises are highly responsive to the market demand.

- **Problems:** More than 19% of the surveyed units face shortage of funds as a major problem in upgrading their designs while about 11% of the surveyed units faced the problem due to lack of knowledge of design development. It is also revealed from the survey that about 30% of the surveyed units faced the problem of labour resistance for adopting better designs. This indicates the lack of awareness and need for labour training

Table 9.10: Reasons for upgrading design	
Reason	% of units
Competitors	3.7
Changing Trends	3.7
Market demand	100.0
Low sales	.0
Other reasons	.0

whereas about 40% of the units have private sources for water supply. About, 93% of the surveyed units are considerably satisfied with the present water quality.

- **Power Supply:** 100% of the units agree to power being supplied to them by the state electricity agencies and about 93% of the surveyed micro (manufacturing) units receive power from State Government agencies. There are frequent power cuts and about 63% of the micro (manufacturing) units are not satisfied with the condition of power supply. In the event of power cuts, the units received power through diesel generators installed at respective units.
- **Connectivity:** Almost 89% of the units stated the condition of the internal road network to be very poor. The overall road conditions are largely unsatisfactory to withstand the heavy axle load of carriage vehicles.

9.1.9 Marketing

It is revealed from the primary survey that about 45% of the surveyed units' primary markets (first point of sale) in the markets of Haryana State. Besides these, about 8% of the surveyed units market the manufactured goods to local markets of Samalkha as well as markets of Aligarh and Rajasthan.

- **Market:** About 96% of the manufactured products are purchased by wholesale traders whereas about 7% of the manufactured products are purchased by industrial establishments who procure the manufactured material on order. Also, about 11% of the surveyed units stated the retail consumers as the major buyers of the manufactured products.
- **Mode of marketing:** The primary mode of marketing is through Word of Mouth for

Table 9.11: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	11.1
Wholesale trader	96.3
Exporter	.0
Industries	7.4
Govt. Authorities	.0
Total	100

problems in marketing of their products.

Table 9.12: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100.0
Exhibitions/ Melas	3.7
Association directory	0
Advertisements	0
E-Commerce	0
Other means of marketing	0

9.1.8 Common Facilities

- **Water Supply:** it is observed from the primary survey that almost 93% of the micro (manufacturing) units have access to water supply. Almost 60% of the surveyed micro (manufacturing) units receive water from Local Authorities

whereas about 40% of the units have private sources for water supply. About, 93% of the surveyed units are considerably satisfied with the present water quality.

- **Power Supply:** 100% of the units agree to power being supplied to them by the state electricity agencies and about 93% of the surveyed micro (manufacturing) units receive power from State Government agencies. There are frequent power cuts and about 63% of the micro (manufacturing) units are not satisfied with the condition of power supply. In the event of power cuts, the units received power through diesel generators installed at respective units.

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- **Mode of marketing:** The primary mode of marketing is through Word of Mouth for marketing their products. Also, about 4% of the surveyed units stated the exhibitions/melas as another mode of product marketing. Besides these, there are no other modes of marketing.

- **Problems:** About 22% of the surveyed units face shortage of funds for sale/marketing the products and absence of marketing know-how. Besides these, about 70% of the surveyed units other

Table 9.13: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	22.2
Absence of Marketing know-how	22.2
Other reasons	70.4
Total	100.0

9.1.10 Support Organisations

From the primary survey, it is revealed that about 59% of the surveyed units are associated with local industrial/trade associations. About 85% of the surveyed units have association with SAMALKHA GROUP OF FOUNDRY ASSOCIATION while about 4% of the surveyed units have association with SAMALKHA INDUSTRIAL ASSOCIATION. Also, it is revealed that there are no industrial federations, NGOs, Exporters, technical institutions in the cluster. It is also revealed from the primary survey that about 46% of the units receive support services from local industrial /trade associations in marketing/improvement in the business environment of the units while about 29% of the units receive support for technology upgradation as well as design and development activities. Besides these, about 21% of the surveyed units receive support services in trouble shooting activities of any unit on registration of complaints while about 13% of the surveyed units received support services in government liaisoning activities.

9.1.11 Evaluation of Govt. Schemes

Only 15% of the surveyed units are aware of the presence of micro and small enterprise - cluster development programmes. Besides this, none of the surveyed micro (manufacturing) unit are aware of any of the government schemes such as V.I. Cluster Rural Industry Service Centre (RSIC), NMCP National Programme on Application of Lean Manufacturing-LEAN, Prime Minister's Employment Generation Programme, Rural Employment Generation Programme, Marketing Assistance and Export Promotion Scheme, Credit Linked Capital Subsidy Scheme for Technology Upgradation, Credit Guarantee Scheme for setting up of unit or for Working Capital Loan and Performance and Credit Rating Scheme. The micro (manufacturing) unit are unaware of the other available schemes. This implies that the units are partially aware of the government benefits that could be availed by them.


9.1.12 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Available in low cost 	Opportunities <ul style="list-style-type: none"> – High demand in agriculture sector
Weaknesses <ul style="list-style-type: none"> – No proper space – Using old technology – Facing lean season for 3 months. 	Threats <ul style="list-style-type: none"> – Facing tough competition from new design and technology

10. Cluster Reports- NIC Code 28

10.1 Metal Fabrication, Dhirpur, Delhi :-

Dhirpur Village is situated in North Delhi district. It is well connected with NH-2 through Kamp Road. Metal fabrication is one of the major industry in this urban village. Indira Vikas colony is newly developed area where this industry is spread. Now a day the industry shows declining trend.

Table 10.1: Metal Fabrication - Fact sheet		
Natural/Artificial	Natural	
Geographical Spread	In Dhirpur village & Indira Vikas Colony.	
Rural/Urban	Urban	
Approx. No. of enterprises	60	
Approx % of micro manufacturing enterprises	100	
Nature of Manufacturing Activity	Metal fabrication and making of surgical items.	

10.1.1 Annual Turnover

Table 10.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	97.9
5-10	2.1
>10	0
Total	100

Out of the 48 micro enterprises surveyed, majority of the enterprises (98%) having an annual turnover up to ₹ 5 Lakhs and 2.1% of the units have a turnover of between ₹ 5 to 10 Lakhs. The average turnover is around ₹3 Lakhs.

10.1.2 Location Preference

73% of the units preferred the cluster benefits as a major reason for establishing units here. 54% of the units getting benefits of nearness to their residence while 46% due to the availability of raw material is the main reason for selecting the area.

- Units concentrated here are getting proper light. Some of the complaint has been found in Indira Vikas colony.
- Majority of the units (83%) are satisfied with the working space. Only 6% of the units have complaints for less working space.
- The hygiene condition of the area is not good. 56% of the units are not happy with the existing hygiene condition especially in Indira Vikas Colony.
- Safety is not a big issue in the area. Majority of the units (81.3%) are satisfied with safety condition in the area.

10.1.3 Manpower Availability

Table 10.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	10.4
Availability of physical infrastructure	43.8
Connectivity	0
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	45.8
Proximity to market	31.3
Availability of skilled labour	39.6
Local tax incentives	0
Local wage levels	0
Close to residence	54.2
Cluster benefits	72.9
Easy availability of credit	2.1
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- **Employee size:** Majority of the units (87%) have employment size between 1 to 5.
- **Problems:**
 - Almost half (48%) of the units are facing short of the skilled man power.
 - 48% of the units have no problems in availability of skilled employees/skill upgradation of employees while 46% units told for the non availability of the required course for skilled employees/skill upgradation of employees. Only 6% of the units are facing short of funds for the same.
- 54% of the units told that only a group of units of the same activity can make available the best trained resource and 31% units have no knowledge about the any organisation to make available the best trained resources while 17% have trust on government organisations.

10.1.4 Raw Material Availability

Table 10.4: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
1-5	87.5
6-10	10.4
11-15	2.1
>15	0
Total	100

- **Proximity:** The units functioning here have procured raw material from Delhi only. Enterprises told that it is their all raw material is available in the different parts of Delhi.
- **Procurement:** More than half of the units procure raw material through bulk supplier (31%) and agents (27%) while 42% procure directly.
- **Costs:** 80% of the units facing fluctuating cost and 29% high cost of raw material as a major problem in raw material procurement.

10.1.5 Finance/ Credit Availability

98% of the units have not availed credit facility.

Table 10.4: Credit facilities	
	% of units
Availed Credit Facilities	2.1
Not availed Credit Facilities	97.9
Total	100.0

- **Source:** The only one unit have taken term loan from government authority through bank under a scheme.
- **Problems:** 83% of the units have no problem for availing credit. During discussion with the enterprises it has been found that maximum units have not tried to

take the credit so they are not able to understand the real problem. Also they did not expressed interest of taking credit.

- **Working Capital Loans:** 56% of the surveyed units have taken working capital loan while 19% told for not availing and the 25% for not required for the same.

Table 10.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	4.2
Lengthy process	8.3
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	4.2
Strict Eligibility Condition	0
Other problems	0
No problems	83.3

Table 10.5: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	81.3
Units who did not feel the need for upgradation	18.8
Recently Upgraded	
Total	100.0%

10.1.7 Design and Development

Almost 76% of the units used to change their design within 3 months.

- **Need:** 82% of units want to change due to others.
- 98% of the units facing short of fund as a

Table 10.7: Need for upgradation	
Reason for need	% of units
Competitors	10.3
Reduction in waste	89.7
Market Demand	0
Quality Improvement	0
Large Orders	2.6
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0

major problem for adopting the new design.

10.1.6 Technology Upgradation

All units are using old technology. It has been found that they have no fund and no awareness to solve these problems. The enterprises are also not very interested to invest in new technology despite knowing the bad impact of the existing scenario.

- **Need:** 90% of the units told that the new machine with new technology will reduce the wastage. Only 10% units supported that they would be able to compete the quality level in the market.
- **Problems in upgradation:** 94% units are facing short of funds as a major problem for upgradation of their machines while 15% told for problems in research and maintenance.
- **Support:** 65% of the units suggested that local industrial association help is required for the upgrading in the technology while 27% are unaware about the responsible organisation for the same.

Table 10.6: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	93.8
Problems of R&M	14.6
Absence of Technical Know-how	4.2
Unavailability of domestic market	2.1
Unskilled labour	0
Resistance from labour	0
Other Reasons	6.3

Table 10.8: Upgradation of design	
Frequency of changing design	% of units
0-3 months	60.4
3-6 months	27.1
>6 months	12.5
Not Answered	0
Total	100.00%

Table 10.9: Reasons for upgrading design	
Reason	% of units
Competitors	8.3
Changing Trends	4.2
Market demand	87.5
Low sales	2.1
Other reasons	2.1

both local residents and industrial workers. No major complaints regarding quality of water found.

- **Power Supply:** Intermittent power supply is a problem in this area. Enterprises complained for high tariff of electricity. During discussion with the enterprises it has been come out that in the name of domestic connection they are using as a industrial purposes.
- **Telecommunication:** Telecommunication is not a big issue.
- **Truck Parking:** There in no proper place of truck parking in both Dhirpur and Indira Vikas colony. The internal roads are very narrow particularly in Dhirpur area. As there is no bulk requirement of raw material so it is not needed.

All common facilities are absent within the cluster. Government is also not given proper attention for the development.

10.1.9 Marketing

- **Consumers:** 54% of the units sold their products to wholesale traders while 52% units approach to retail shops.

Table 10.11: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	52.1
Wholesale trader	54.2
Exporter	0
Industries	4.2
Govt. Authorities	0
Total	100

Table 10.13: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	66.7
Absence of Marketing know-how	0
Other reasons	33.3
Total	100%

10.1.8 Common Facilities

- **Water Supply:** Water is supplied by Delhi Jal Board (DJB) in this area. Maximum units do not require water for industrial purposes. These units are established in the residential area so water supply fulfils the requirement of

Table 10.10: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	47.9
Absence of Design know-how	0
Resistance from labour	0
Other reasons	52.1
Total	100

- **Problem:** 67% of the units are facing shortage of fund for marketing while 33% told for other reasons like lack of time as they devote time to manufacturing as well as marketing.

Table 10.12: Modes of marketing	
Major means of marketing	% of units
Word of mouth	97.9
Exhibitions/ Melas	2.1
Association directory	0
Advertisements	0
E-Commerce	2.1
Other means of marketing	0

- **Mode of marketing:** 98% of the total units depend upon the word of mouth for marketing their products.

10.1.10 Support Organisations:

There is no support organisation for the development of the industry. Industries are getting support of their own capacity.

10.1.11 Evaluation of Govt. Schemes

Some units have taken benefit of govt programme.

10.1.12 SWOT Analysis

Strengths <ul style="list-style-type: none">– Available skilled manpower– Nearness to the market	Opportunities <ul style="list-style-type: none">– Demand is high
Weaknesses <ul style="list-style-type: none">– Using old technology– The hygiene condition is not good– Indira Vikas Colony is not regularised	Threats <ul style="list-style-type: none">– Facing tough competition from new design and technology

10.2 Brass Cluster, District Rewari, Haryana

10.2.1 Cluster Fact Sheet:-

Manufacturing of brass and bronze metal ware concentrated in Chaudharywara and Kayasthawara of old city area of Rewari. It is developed as a traditional activity and coming from generation to generation. It is well connected with NH-8 Delhi-Jaipur Road.

Table 10.14: Brass - Fact sheet	
Cluster Type	Natural
Geographical Spread	Kayasthawara & Chaudharywara
Rural/Urban	Urban
Approx. No. of enterprises	100
Approx % of micro manufacturing enterprises	100%
Nature of Manufacturing Activity	Manufacturing of brass utensils



10.2.2 Annual Turnover

Table 10.15: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
1-2	69.8
2-3	22.6
Not answered	7.5

Out of the 50 micro enterprises surveyed, 70% of the units admitted to having an annual turnover of around between ₹ 1 Lakh and ₹ 2 Lakhs, 23% of the units have a turnover of between ₹ 2 and 3 Lakhs.

10.2.3 Location Preference

Manufacturing of the Brass & Bronze utensils started in old city area of Rewari in Kayasthawara and Chudharywara. Out of total functioning units 94% preferred for availability of skilled man power in this location

- Majority of the total units were satisfied with lighting conditions. Bad power supply has been reported by the units.
- Almost 50% of the units are facing short of working space.
- Hygiene condition is not good as majority of the units are working in bad environment. 74% of the units reported bad cleaning in the area.
- Safety issue is not a big issue as 76% of the industries are fully satisfied with existing condition.

10.2.4 Manpower Availability

Availability of skilled man power is one of the major factors for developing the industry.

- **Employee size:** 98% of the units have between 0-5 employees. The manufacturing of these utensils are done at the household level where family members were also a part of the employee.
- Once this industry started with the availability of the highly skilled manpower only 22% of the units are facing short of skilled man power.
- **Problems:**

Table 10.16: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	98
>6	2
Total	100

- 96% of the units face shortage of funds in availability of skilled employees/skill upgradation of employees.
- Majority of the units (80%) have trust on government organisations to make available the best trained resources.

10.2.5 Raw Material Availability

Brass and Bronze are the principal material of the industry. This raw material is easily available in local market only. Very few units procure from out side Rewari.

- **Proximity:** More than 80% of the total units get raw material within Rewari.
- **Procurement:** 82% of the units get their raw material from agents and bulk suppliers. Only 16% procure directly.
- **Costs:** 81% of the units are facing high cost of raw material procurement while 10.2% units told about the transportation cost of raw material a big problem.
- **Support:** 90% units have trust on government organisations for help them for procuring the raw material.

10.2.6 Finance/ Credit Availability

Total 50 units have been surveyed out of which 64% did not avail any credit facilities.

Table 10.17: Credit facilities	
	% of units
Availed Credit Facilities	36
Not availed Credit Facilities	64
Total	100.0

- **Source:** 50% of the units got credit from Government authority through bank under a scheme while 39% units received directly from Government authority under scheme.
- **Problems:** 80% of the respondents find that strict eligibility condition as a major barrier for availing credit/finance.

- **Working Capital Loans:** 88% of the units did no avail working capital loans.

Table 10.18: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	52
Lengthy process	10
Untimely disbursement of funds	2
Unsuitable repayment schedules	0
Delay in sanction	6
Strict Eligibility Condition	80
Other problems	0
No problems	8

Table 10.19: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	94.0
Units who did not feel the need for upgradation	6.0
Total	100.0

10.2.7 Technology Upgradation

- **Need:** 94% of the total responses felt the need for technology upgradation and out of them 61.7% had to place large order and 34% were facing competition in the market.
- **Problems in upgradation:** 98% facing short of funds as a major problem for upgradation of their machines.
- **Support:** 98% have trust to government organisation to help them in upgrading the technology.

10.2.8 Design and Development

Table 10.22: Upgradation of design	
Frequency of changing design	% of units
0-3 months	82
3-6 months	18
Total	100.00

Table 10.21: Need for upgradation	
Reason for need	% of units
Competitors	34
Reduction in waste	29.8
Cost ineffectiveness	0
Quality Improvement	19.1
Large Orders	61.7
Pollution Control	2.1
Availability of Better Technology	4.3
Other Reasons	0

Table 10.23: Reasons for upgrading design	
Reason	% of units
Competitors	30
Changing Trends	28
Market demand	86
Low sales	0
Other reasons	0

- **Telecommunication:** The telecommunication provider being private the units are satisfied with the service provided.
- **Truck Parking:** All the manufacturing activities are concentrated in old city area. The roads followed to this area are narrow. Movement of the raw material is carried out by the help of intermediate transportation facilities. Heavy vehicles are parked on road out side the area
- **Other facilities:** There is lack of all type of common facilities in the industrial area.

Table 10.20: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	96
Problems of R&M	2
Absence of Technical Know-how	2
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons	2

Almost 82% of the units used to change their design within 3 months.

- **Need:** 86% units need to change their design for betterment due to market demand.

10.2.9 Common Facilities

- **Water Supply:** Water is being supplied to these units by local authority.
- **Power Supply:** Intermittent power supply and low voltage had been identified as a problem in this area.

Table 10.24: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	100
Absence of Design know-how	0
Resistance from labour	0
Other reasons	0
Total	100%0

10.2.10 Marketing

Table 10.25: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	22
Wholesale trader	86
Exporter	0
Industries	2
Govt. Authorities	0
Total	100%

- **Market:** Major part of the finished goods is sold to Delhi and Rewri.
- **Consumers:** 86% of the units sale to wholesalers while 22% sale to retail consumers.
- **Mode of marketing:** 90% of the total units depend upon the word of mouth for marketing their products.

Table 10.26: Modes of marketing	
Major means of marketing	% of units
Word of mouth	90
Exhibitions/ Melas	10
Association directory	2
Advertisements	4
E-Commerce	0

Table 10.27: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	64
Absence of Marketing know-how	0
Other reasons	36
Total	100%

10.2.11 Support Organisations

The supporting organisation is local industrial association.

10.2.12 Evaluation of Govt. Schemes

Majority of the responses showed that they had not availed any government schemes even they didn't had knowledge about this.

10.2.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Availability of skilled manpower 	Opportunities <ul style="list-style-type: none"> – Handicraft items are popular – Still these products are used in ritual functions
Weaknesses <ul style="list-style-type: none"> – Working space is less and no scope of expansion in existing area – Lack of marketing skills 	Threats <ul style="list-style-type: none"> – Facing tough competition from steel utensils – Demand is declining

11. Cluster Reports- NIC Code -31

11.1 Electrical Engineering Cluster, South Delhi

11.1.1 Cluster Fact Sheet:-

The Okhla Industrial Estate is an industrial suburb of New Delhi in South Delhi and mainly divided in three phases. According to the secondary research it was found that the revenue earners from this base include ready-made garment exporters and leather garment exporters, besides other segments of industry such as pharmaceutical manufacturing units, plastic and packaging industries, printing presses, machinery manufacturers, call center, MNCs Office, Bank and others. The electrical engineering cluster consists of a number of micro and small enterprises in this cluster.

This industry has **not been declared as a cluster by the Mo Textiles.**

Table 11.1: Electrical Engineering Cluster- Fact sheet	
Cluster Type	Natural
Geographical Spread	Okhla Industrial Area Phase I, II and III, Okhla Flatted Factory Complex; South Delhi
Rural/Urban	Urban
Approx. No. of enterprises	>20
Approx % of micro manufacturing enterprises	40%
Sample Size	20
Nature of Manufacturing Activity	Mfg. of Electrical Engineering Equipment & Machinery (NIC Code -16)

11.1.2 Annual Turnover

Table 11.2: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
0-10	15
10-20	60
20-30	15
> 30	5
Not answered	5
Total	100

Almost 60% of the enterprises have admitted to having an annual turnover ranging between ₹ 10 and 20 Lakhs. About 15% have admitted to having a turnover between less than ₹ 10 Lakhs and ₹ 20 and 30 Lakhs.

The estimated average annual turnover per enterprise is about ₹ 19.5 Lakhs.

11.1.3 Location Preference

Table 11.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	60
Availability of physical infrastructure	25
Connectivity	75
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	10
Proximity to market	35
Availability of skilled labour	45
Local tax incentives	0
Local wage levels	10
Close to residence	20
Cluster benefits	20
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

According to the primary survey, about 75% of the enterprises preferred this location because it is very well connected. This Industrial Area lies exactly on NH 2. About 60% of the enterprises preferred this location due to the availability of industrial sheds, while 45% have given credit to the availability of skilled labour in its vicinity. About 35% have also preferred this location due to its proximity to the market. More than 20% of the enterprises have decided to set up their enterprise in this location due to its closeness to their residence, cluster benefits and availability of physical infrastructure.

- All the enterprises have expressed satisfaction with the condition of lighting in their work place. This is due to the continuous availability of power supply.
- More than 90% are satisfied with the space availability in their work place. The

plots have been allotted by DSIIDC which houses their enterprise. They have enough space for their manufacturing activity.

- More than 45% have indicated dissatisfaction with the hygiene conditions in this locality. The absence of periodic cleaning is the main reason given by these enterprises. They have pointed out to the encroachments on the backlying areas in Okhla and on the internal roads as responsible for the lack of cleanliness.
- About 35% also have a problem with the safety inside this area. However the association has pointed out that safety is an issue in this area due to the encroachments in the back lying sections of Okhla.

11.1.4 Manpower Availability

35% of the enterprises have employed about 11-15 workers in their enterprise, while 30% have admitted to have employed about 6 to 10 workers. Around 25% of the enterprises have greater than 15 workers in their unit. Almost 60% have stated that skilled manpower is available in the market.

- **Problems:** About 45% of the enterprises face an obstacle of high attrition amongst the

Table 11.4: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	10
6-10	30
11-15	35
>15	25
Total	100

skilled manpower apart from the extreme shortage of funds in employing skilled labourers.

A number of training programmes and short term courses are being held by the ITI and MSME-DI in the vicinity to this industrial area. However, the workers in this area are not encouraged by their employers due to

the fear of higher wage demands.

11.1.5 Raw Material Availability

- **Proximity:** All the enterprises procure their material from Delhi itself. Chandni Chowk, Chawri Bazar, Okhla, Naraina are the main locations within Delhi for procurement of material. Few enterprises also procure material from other parts of NCR like Faridabad and Gurgaon.
- **Source:** While about 40% of the enterprises source their material from agents about 40% procure the material directly. Around 20% of the enterprises get their material from bulk suppliers.
- **Costs:** Almost 90% of the enterprises are troubled by the high cost of material procurement while about 40% have also complained about the high costs that have to be borne by them for transporting the material.

11.1.6 Finance/ Credit Availability

More than 90% of the enterprises had refused to have availed any loan or credit facilities. Among the 10% who had availed loans, half had sourced the credit from private money lenders. However about 65% of the enterprises have availed working capital loans.

Table 11.5: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	
Lengthy process	
Untimely disbursement of funds	
Unsuitable repayment schedules	
Delay in sanction	
Strict Eligibility Condition	
No problems	

- **Problems:** While 50% of the enterprises have stated that the process for availing credit from banks and financial institutions is extremely lengthy and tedious. About 35% have also complained the high rates of interest. A few had however no problems with availing credit facilities.

The association has informed us that the enterprises require short term and quick loans However they are unable to avail such loans from financial institutions due to their long processing time.

* This was a multiple answer question, the total may add up to more than 100%

11.1.7 Technology Up-gradation

Table 11.5: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology up-gradation	39.6
Enterprises who did not feel the need for up-gradation	60.4
Total	100

- **Need:** The requirement for technological up-gradation was felt by more than 65% of the enterprises. The remaining 35% did not feel this requirement. More than 90% of the enterprises felt that the competition faced by them is the major reason why technological up-gradation is required. About 30% of the enterprises felt this requirement due to the

cost ineffectiveness of the present technology. About 15% of the enterprises also feel this requirement in order to reduce wastage and the larger orders being placed with these units.

- **Problems in up-gradation:** While almost 70% have informed us that they have not upgraded their technology due to shortage of funds, the remaining 30% of the enterprises have not faced any problem in technology up-gradation.

The enterprises are wary of upgrading their technology due to lack of security in Okhla Industrial Area. The main reason for this is the encroachments in the Okhla Industrial Area.

Table 11.6: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	92.3
Reduction in waste	15.4
Cost ineffectiveness	30.8
Quality Improvement	7.7
Large Orders	15.4
Pollution Control	0
Availability of Better Technology	0

* This was a multiple answer question, the total may add up to more than 100%

11.1.8 Design and Development

Most of these enterprises work on a job to job basis based on the orders placed with them by various tier II industries. Thus almost 55% of the industries have stated that the designs keep changing in less than 3 months time.

Table 11.8: Upgradation of design	
Frequency of changing design	% of enterprises
0- 3 months	55
3-6 months	30
>6 months	15
Total	100

- **Problems:** While 85% of the enterprises face no problems in upgrading the

Table 11.7: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	70
Problems of R&M	0
Absence of Technical Know-how	0
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons (Did not face problem)	30

designs as the tier II industries supply them with the required samples only 15% of the enterprises have complained of facing a problem of shortage of funds in frequently changing their designs.

Table 11.9: Need for upgrading design *	
Reason	% of enterprises
Competitors	55
Changing Trends	10
Market demand	50
Low sales	5
Not required	40
* This was a multiple answer question, the total may add up to more than 100%	

the enterprises are unable to receive water from the Jal Board in spite of having connections. This is because the encroachers have tapped into these lines.

- **Power Supply:** The position of electricity has improved in the past few years after the privatisation of the electricity supply.
- **Connectivity:** Though the people have chosen this location for its good connectivity with other parts of Delhi, almost 70% of the enterprises have stated that the condition of internal roads is extremely poor. They have also pointed out that this has led to a loss of business and potential clients for them as people hesitate to come here due to poor roads.
- **Parking and Warehousing:** Most of the enterprises have privately arranged for parking and storage/ warehousing in their premise. All enterprises however do feel that a common parking space is required in Okhla where a number of their visitors & trucks can park.
- **Other Common Facilities:** Banks, training centres and the MSME DI office is present within 2 km radius. The NSIC exhibition centre is also present in the vicinity. However no R&D facilities, Sales Depots, Information centres etc are present in this area.

11.1.10 Marketing

The first point of sale for all of the enterprises is within Delhi and NCR itself. Most of the products are bought by industries at the next level for further use. While more than 60% of the products are bought by wholesalers, 40% of the enterprises also sell their products to tier II industries. Very few products are sold to industries for further finishing.

11.1.9 Common Facilities

- **Water Supply:** All the enterprises surveyed have admitted to the availability of water supply in their cluster. Most of the enterprises are also satisfied with the supply conditions. However, the association informs us that in this cluster,

Table 11.10: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	15
Absence of design know-how	0
Resistance from labour	0
No problems	85
* This was a multiple answer question, the total may add up to more than 100%	

Table 11.11: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	100
Exhibitions/ Melas	5
Association directory	5
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 11.12: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	15
Absence of Marketing know-how	0
No problems	85

- **Mode of marketing:** All the enterprises first depend on word of mouth for marketing their products. A few also market their products by exhibiting their products at exhibitions and melas and

through the association directory.

- **Problems:** More than 85% of the enterprises have confirmed that they have no problems in marketing their products. About 15% of the enterprises said that they are unable to market their products well due to shortage of funds.

11.1.11 Support Organisations

A number of associations are present in the Okhla industrial area which includes – The Okhla Factory Owners Association; The Okhla Industrial Association; The Okhla Manufacturers Shed Association; etc. All the enterprises admitted to being aware of these being present. Most of these were also members of at least one of these. These associations are common for all manufacturers present in this area. The primary survey and discussions with the associations has helped us conclude that these register complaints of the various entrepreneurs and help them solve these problems. Some have also admitted that these help to liaise with the various government organisations and circulate the various notices received by them. They also provide the enterprises with marketing assistance and take initiatives to improve the business environment.

11.1.12 Evaluation of Govt. Schemes

Few enterprises are aware of the various schemes by various government departments for the benefits of the MSME sector.

11.1.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Manpower is available. – Presence of government support systems like training centres etc in vicinity. 	Opportunities <ul style="list-style-type: none"> – The increasing number of tier II industries has increased the opportunities for these industries in Delhi.
Weaknesses <ul style="list-style-type: none"> – Loans have a long processing time. – Do not encourage skill up-gradation due to fear of escalation in wages. 	Threats <ul style="list-style-type: none"> – The enterprises are not interested in upgrading their technology due to safety threats. – Even though the enterprises are aware of government schemes they have not taken any benefits from these.

11.2 Electrical and Engineering Cluster, Narayana Delhi :-

Electrical and Engineering manufacturing units are located in Narayana Industrial Area Phase I & II. Basically Narayana Industrial Area is famous for the printing and publishing but there are some electrical and engineering manufacturing units come up. This activity is getting benefits of nearness to Delhi for the large market.

Table 11.13: Textile Cluster - Fact sheet	
Natural/Artificial	Natural
Geographical Spread	Narayana phase I & II
Rural/Urban	Urban
Approx. No. of enterprises	60
Approx % of micro manufacturing enterprises	50%
Nature of Manufacturing Activity	Electrical & Engineering equipments
Legal Status as per National Capital Region Plan/MPD2021/Other local area development plan	Approved Industrial Area

11.2.1 Annual Turnover

Table 11.14: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	0
5-10	12
>10	88
Not Answered	0
Total	100

Out of the 72 micro enterprises surveyed, majority of the enterprises 88% having turn over more than ₹ 10 Lakhs and 12% of the units have a turnover of between ₹ 5 to 10 Lakhs.

11.2.2 Location Preference

84% of the units found cluster benefit of availability of the raw material while 80% of the units preferred here for establishing units due to the availability of raw material.

- There is no problem of lighting in Narayana. 92% of the units are satisfied with the lighting condition.
- 88% of the units did not have problem of space.
- Hygiene is one of the issues in Industrial area.. 36% of the unit are not happy with the present hygiene condition, 44% units told for the average and only 20% units told for good hygiene condition.

Table 11.15: Location advantage*

Advantage	Respondents (%)
Availability of industrial sheds	76.0
Availability of physical infrastructure	0
Connectivity	12
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	80
Proximity to market	12
Availability of skilled labour	20
Local tax incentives	4
Local wage levels	16
Close to residence	0
Cluster benefits	84
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 11.16: Total employees

Employees on Payroll (In Nos)	Respondents (%)
1-5	16
6-10	36
11-15	40
>15	8.
Total	100

organisations. Very less units (36) have availed credit facility.

Table 11.17: Credit facilities

	% of units
Availed Credit Facilities	36
Not availed Credit Facilities	64
Total	100.0

- **Problems:** 60% of the units have no problem while 36% units face high interest rate as the main problem for availing credit.
- **Working Capital Loans:** 56% of the units have availed the working capital loan. 36% told that they did not require it.

- 48% of the units are satisfied with the safety condition of the area, 28% units are highly satisfied. 16% units told for the bad safety condition.

11.2.3 Manpower Availability

- **Employee size:** According to the data majority of the units (40%) have employment size between 11 to 15, 36% units employed persons between 6 to 10
- **Problems:** Availability of skilled man power is a big issue in this cluster. 60% of the units are facing short of skilled man power.

- 24% of the units are facing shortage of funds in availability of skilled employees/skill upgradation of employees while majority (72%) have no problem.

11.2.4 Raw Material Availability

Iron, iron wire and sheets are the main raw material for the industry. Delhi itself is the major centre for procuring raw material.

Proximity Delhi itself is the major centre for procuring raw material.

- **Procurement:** The main mode for procurement of raw material is through bulk suppliers (60%). 20% of the units are getting through agents while 20% procure directly.
- **Costs:** 46% of the units facing high cost of raw material while 50% told for other problem.
- **Support:** 75% units are not aware about the responsible organisation for helping them while 17% of the units have trust on government organisations. Very less units (36) have availed credit facility.

Source: out of 9 units 22% units has taken credit from government authority directly under a scheme while majority of units (78%) has taken from government authority through bank under a scheme is the main source.

Table 11.18: Problems faced in availing credit

Problem	% of units facing problem
High interest rate	36
Lengthy process	8
Untimely disbursement of funds	8
Unsuitable repayment schedules	0
Delay in sanction	4
Strict Eligibility Condition	0
Other problems	0
No problems	60

Table 11.19: Need for technology upgradation

	% of units
Units who felt the need for technology upgradation	84
Units who did not feel the need for upgradation	16
Total	100.0%

11.2.6 Design and Development

Almost 88% of the units used to change

Table 11.21: Need for upgradation

Reason for need	% of units
Competitors	4.8
Reduction in waste	95.2
Market Demand	4.8
Quality Improvement	95.2
Large Orders	9.5
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0

Table 11.172: Upgradation of design

Frequency of changing design	% of units
0-3 months	88
3-6 months	12
>6 months	0
Not Answered	0
Total	100.00%

11.2.5 Technology Upgradation

Need: 84% of the units expressed the need for technology upgradation. 95% of the units felt that reduction in waste material and same percentage 95% told for quality improvement help them in upgradation of machines

- **Problems in Upgradation:** 64% units are facing short of funds as a major problem for upgradation of their machines.
- **Support:** 76% have no knowledge about the responsible organisation while 20% have trust to government organisation for upgrading the technology.

Table 11.20: Problems faced in upgradation

Problems faced in upgradation	% of units
Shortage of funds	64
Problems of R&M	0
Absence of Technical Know-how	8
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons	32

their design within 3 months.

- **Need and Problems:** 72% of the units need to change their design due to other reason. 16% of the units change their design due to the competitors and same percentage of
- units change as per market demand. 76% of the units facing other problem for the upgradation of design while 24% face short of fund as a major problem.

Table 11.23: Reasons for upgrading design

Reason	% of units
Competitors	16
Changing Trends	8
Market demand	16
Low sales	0
Other reasons	72

11.2.7 Common Facilities

- **Water Supply:** All most all the enterprises told that availability of water is a not major concern in Industrial area. There is lack of maintenance has been found.
- **Power Supply:** Intermittent power supply is the only problem in this area. During discussion with the industrial association they complained that power tariff is very high. Industry should be given special attention for lower power tariff.
- **Effluent Treatment Plant:** Effluent treatment plant of the capacity of 21.6MLD has been made in Narayana for Narayana Industrial Area. It is as per CETP Act, 2000 of the Govt. of NCT of Delhi.
- **Connectivity and Parking:** It is well connected with Ring Road. Internal roads are being made through central govt scheme. There is lack of parking place inside the industrial area. Heavy and small vehicles are parked along the internal road side of the industrial area.
- **Other facilities:** No common facility has been seen to help the industrial area. Raw material banks, training centres, design upgradation centres, parking, warehouses everything is missing here

Table 11.24: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	24
Absence of Design know-how	0
Resistance from labour	0
Other reasons	76
Total	100

11.2.8 Marketing

Table 11.18: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	4
Wholesale trader	40
Exporter	0
Industries	64
Govt. Authorities	0
Total	100

Table 11.27: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other means of marketing	0

- **Consumers:** Majority of the units (64%) are sold to industries while (40%) are given to wholesale traders.

Table 11.26: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	40
Absence of Marketing know-how	4
Other reasons	56
Total	100%

- **Mode of marketing:** 100% of the total units depend upon the word of mouth for marketing their products.
- 40% of the units are facing short of fund for the marketing while 56 % units told that they are facing other problems.

11.2.9 Support Organisations

Narayana Industrial Association is a strong and progressive association. It provides a wide platform to the enterprises to raise their problems of this area.

11.2.10 Evaluation of Govt. Schemes

Despite having manufacturing units in Delhi very few enterprises are aware about the government schemes. During study it has been found that maximum enterprises not interested to take the govt. scheme benefits


11.2.11 SWOT Analysis

Strengths <ul style="list-style-type: none">– Availability of skilled manpower– Nearness to market and raw material in Delhi	Opportunities <ul style="list-style-type: none">– Strong industrial association– Large market
Weaknesses <ul style="list-style-type: none">– Lack of physical infrastructure– Lack of awareness about government schemes.	Threats <ul style="list-style-type: none">– No scope of expansion is the biggest threat

12. Cluster Reports- NIC Code -34

12.1 Light Engineering cluster, Faridabad:-

Faridabad has developed as a industrial city in South of Delhi. Availability of skilled manpower, nearness to large market like Delhi and availability of raw material was the main reason for development of the industrial area.

Table 12.1: Light Engineering Cluster - Fact sheet		
Natural/Artificial	Artificial Cluster	
Geographical Spread	Sector 58, Faridabad Industrial Area	
Rural/Urban	Urban	
Approx. No. of enterprises	> 100	
Approx % of micro manufacturing enterprises	60	
Nature of Manufacturing Activity	Manufacture of Light Engineering Equipment for the Automobile Industry	

12.1.1 Annual Turnover

Table 12.2: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	93.2
5-10	5.6
Not Answered	1.1
Total	100

Out of the 89 micro enterprises surveyed, majority of the enterprises (93%) having an annual turnover up to ₹ 5 Lakhs and 6% of the units have a turnover of between ₹ 5 to 10 Lakhs.

12.1.2 Location Preference

74% of the units have benefits of proximity to the market is the reason for establishing unit at this location, 64% of units located here have cluster benefit while 60% prefer availability of skilled labour is the main reason.

- Lighting condition of this area is not an issue. 46% of the units told for the average lighting while 45% of the units are happy with the existing lighting condition. 9% of the units complained for the bad lighting. 42% of the units told it would be better if they get more power.
- Majority of the units (81%) are satisfied with the working space in which 6% of the units have complaints for less working space.
- The response for hygiene condition of this area came in mixed view. 45% of the units are not happy with the existing condition while 22% responds as the average condition and 33% told for good hygiene condition. 21% of the units are highly satisfied with the hygiene condition. The suggestion came from the units of more cleaning with 29%.
- Safety is not a big issue in the area. Majority of the units (56%) are satisfied with safety condition in the area.

12.1.3 Manpower Availability

- **Employee size:** Majority of the units (40%) have employment size between 6 to 10 while around 34% of the units employed one to five persons.
- **Problems:**

Table 12.3: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
1-5	33.7
6-10	39.3
11-15	12.4
>15	14.6
Total	100

- Availability of skilled man power is not a big issue in this cluster. Only 15% of the units are facing short of skilled man power.
- 65% of the units have no problems in availability of skilled employees/skill upgradation of employees at the same time 31% of the units faces high attrition for the same.

- 51% units have no knowledge about the any organisation to make available the best trained resources while 37% have trust on government organisations.

12.1.4 Raw Material Availability

Iron and coal are the main raw material for the industry.

Proximity: Faridabad is main source for procuring raw material. Almost 91% of the units procuring raw material from Faridabad only. Other places of procuring raw material are Delhi, Ludhiana, Gurgaon and Noida.

- **Procurement:** Most of the units (52%) are procuring raw material through agents while 33% procure directly.
- **Costs:** 81% of the units facing high cost of raw material and 24% fluctuating cost as a major problem in raw material procurement.
- **Support:** 49% of the units are not aware about the responsible organisation for helping them for procuring the raw material while 45% units have trust on government organisations.

12.1.5 Finance/ Credit Availability

31% of the units have availed credit facility.

Table 12.4: Credit facilities	
	% of units
Availed Credit Facilities	31.5
Not availed Credit Facilities	68.5
Total	100.0

- **Source:** Out of 28 units 71% units had taken credit from private money lender, 29% from government authority through bank under a scheme while 4% got from financial institution.

- **Problems:** 65% of the units have no problem for availing credit. 20 % of the units told about the lengthy process while 7% has high interest rate as a major problem for taking credit.
- **Working Capital Loans:** 2% of the surveyed units have taken working capital loan while 53% told for not availing and the 44% for not required for the same.

Table 12.5: Problems faced in availing credit

Problem	% of units facing problem
High interest rate	6.8
Lengthy process	20.5
Untimely disbursement of funds	0
Unsuitable repayment schedules	1.1
Delay in sanction	9.1
Strict Eligibility Condition	8
Other problems	4.5
No problems	64.8

On discussion with the Association, the Faridabad Small Industries Association, it was brought out that, those units that were members of this association were provided recommendation by them in order to procure collateral free loans from SIDBI. This was an agreement that they had formed with SIDBI.

12.1.6 Technology Upgradation

All surveyed units felt that technology upgradation is required. During discussion with local industrial association it has been found that old machines have to be changed urgently if they have to fulfil the demand. Now a day demand is more than the supply. The supply is low only due to the low production.

Table 12.4: Need for technology upgradation

	% of units
Units who felt the need for technology upgradation	42.7
Units who did not feel the need for upgradation	57.3
Recently Upgraded	0
Total	100.0%

- **Need:** 71% of the units felt that the new technology will help them to fulfil the large order demand.
- **Problems in upgradation:** almost 2% units are facing short of funds as a major problem for upgradation of their machines.
- **Support:** 52% unaware about the responsible organisation to help them in upgrading the technology while 29% has trust to government organisation of it.

Table 12.5: Problems faced in upgradation

Problems faced in upgradation	% of units
Shortage of funds	61.8
Problems of R&M	6.7
Absence of Technical Know-how	14.6
Unavailability of domestic market	2.2
Unskilled labour	5.6
Resistance from labour	4.5
Other Reasons	20.2

Table 12.6: Need for upgradation

Reason for need	% of units
Competitors	26.3
Reduction in waste	2.6
Market Demand	5.3
Quality Improvement	2.6
Large Orders	71.1
Pollution Control	5.3
Availability of Better Technology	5.3
Other Reasons	0

12.1.7 Design and Development

Table 12.7: Upgradation of design	
Frequency of changing design	% of units
0-3 months	76.4
3-6 months	1.1
>6 months	1.1
Not Answered	21.3
Total	100.00%

Almost 76% of the units used to change their design within 3 months.

- **Need:** 82% of units want to change due to others.
- 98% of the units facing short of fund as a major problem for adopting the new design.

12.1.8 Common Facilities

Table 12.8: Reasons for upgrading design	
Reason	% of units
Competitors	4.5
Changing Trends	0
Market demand	13.5
Low sales	1.1
Other reasons	82

Table 12.9: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	1.1
Absence of Design know-how	1.1
Resistance from labour	0
Other reasons	97.8
Total	100

- **Water Supply:** Water is supplied by HSIDC in industrial area. Water is available as per requirement. The units have got domestic connections and receive enough water for drinking purpose. They do not require much water for the manufacturing process as such. Water is supplied for 2 hours each twice in a day.
- **Power Supply:** Power supply is irregular in this area. However, the people do not complain much as they realise that power generation is short as compared to the demand.
- **Truck Parking:** The units have their own parking/ transportation facilities for each unit. The association or the units did not feel the need for any such common facility either.
- **Other facilities:** No common facilities are present

12.1.9 Marketing

The main markets for these industries are the automobile industries at the tier I and Tier II level. These units do job work for the bigger industries.

- **Consumers:** Major part of the units around 75% sold their product to industries while more than 25% units sold to wholesale traders.

Table 12.10: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	6.7
Wholesale trader	25.8
Exporter	1.1
Industries	75.3
Govt. Authorities	0
Total	100

Table 12.11: Modes of marketing	
Major means of marketing	% of units
Word of mouth	97.8
Exhibitions/ Melas	1.1
Association directory	0
Advertisements	1.1
E-Commerce	0
Other means of marketing	0

- **Mode of marketing:** 98% of the total units depend upon the word of mouth for marketing their products.

Table 12.12: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	9
Absence of Marketing know-how	2.2
Other reasons	88.8
Total	100

12.1.10 Support Organisations

The local association and HSIIDC is the main support organisation of the cluster. The association is very strong; however, not everybody is aware of the association or is not willing to be their member. This industry has no export potential/ however supporting industries (Tier I & II) are present in the near vicinity of the units.

12.1.11 Evaluation of Govt. Schemes

Some units have taken benefit of govt programme.

12.1.12 SWOT Analysis


Strengths <ul style="list-style-type: none"> – Planned industrial area – Nearness to large market – Good connectivity 	Opportunities <ul style="list-style-type: none"> – Growing automobile industry –
Weaknesses <ul style="list-style-type: none"> – Using old technology – 	Threats <ul style="list-style-type: none"> – Facing tough competition from new design and technology

12.2 Automobile Components, Muzassar, Faridabad, Haryana.

Faridabad emerged as a industrial city in NCR. Nearness to large market, good connectivity by road and rail and availability of skilled manpower are major factors for the development of industries in Faridabad. Muzassar is now famous for manufacturing of light engineering equipment for the automobile industry.

12.2.1 Cluster Fact Sheet:-

. Table 2.43 gives us the brief details of this cluster.

Table 12.13: Basketware Cluster - Fact sheet		
Natural/Artificial	Natural	
Geographical Spread	Muzassar village, Faridabad	
Rural/Urban	Urban	
Approx. No. of enterprises	100	
Approx % of micro manufacturing enterprises	100	
Nature of Manufacturing Activity	Manufacture of Light Engineering Equipment for the Automobile Industry	

12.2.2 Annual Turnover

Table 12.14: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	20.4
5-10	70.4
>10	9.3
Not Answered	0
Total	100

Out of the 53 micro enterprises surveyed, majority of the enterprises (70.4%) having an annual turnover between ₹ 5 to 10 Lakhs, 20% of the units have a turnover of up to ₹ 5 Lakhs and around 9.3% registered more than ₹ 10 Lakhs.

12.2.3 Location Preference

94.4% of units located here due to availability of raw material were the main reason while 77% preferred for the availability of industrial sheds in this area.

- Majority of the units (40%) are highly satisfied with the space.
- 85% of the total units told for average lighting condition. Only 13% of the units are satisfied with the existing condition of the area. 87% units have complaint for power cut problem.
- 90% of units told for average satisfaction of hygiene condition. 61% of the units registered no cleanness.
- Majority of the units (57.4%) are highly satisfied with safety condition in the area.

12.2.4 Manpower Availability

- **Employee size:** Majority of the units 87% have employment size less than 5 while 13% of the units have employment size between six to ten.
- **Problems:** 83% of the units are facing short of skilled man power.

Table 12.15: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	87.0%
6-10	13.0%
11-15	.0%
>15	.0%
Total	100

- 46.3% of the units are facing shortage of funds in availability of skilled employees/skill upgradation.
- 72.2% units have no knowledge about the any organisation to make available the best trained resources while 20.4% have trust on government organisation

12.2.5 Raw Material Availability

Iron rods and Iron sheets are the main raw material for the industry.

Proximity: Faridabad is main source for procuring raw material.

- **Procurement:** Most of the units (63%) are procuring raw material directly.
- **Costs:** 46.3% of the units facing high cost of raw material while 51.9% told for no problem of raw material procurement.
- **Support:** 71.7% are not aware about the responsible organisation for help them for procuring the raw material while 24.5% units have trust on government organisations

12.2.6 Finance/ Credit Availability

Only 5.6 % of the units availed credit facilities.

Table 12.4: Credit facilities	
	% of units
Availed Credit Facilities	5.6
Not availed Credit Facilities	94.4
Total	100.0

- **Source:** out of 3 units all units had taken credit got from private money lender.
- **Problems:** and 56% lengthy process was as a problem for not availing credit, 20% told about the high interest and 28% told for no problem in availing credit.

- **Working Capital Loans:** No unit has taken working capital loan.

Table 12.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	72.2
Lengthy process	61.1
Untimely disbursement of funds	13.0
Unsuitable repayment schedules	7.4
Delay in sanction	14.8
Strict Eligibility Condition	7.4
Other problems	14.8
No problems	.0

12.2.7 Technology Upgradation

Table 12.16: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	100
Units who did not feel the need for upgradation	0
Recently Upgraded	0
Total	100.0%

- **Need:** 98.1% of the units felt that change/upgradation of their machines will reduce the wastage.
- **Problems in upgradation:** almost 94.4% units are facing short of funds as a major problem for upgradation of their machines.
- **Support:** 74.1% unaware about the responsible organisation to help them in upgrading the technology while **22.2%** have

trust to government organisation of it.

12.2.8 Design and Development

Almost 98% of the units used to change their design within 3 months.

- **Need:** 100% of units change due to others reasons.

Table 12.17: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	94.4
Problems of R&M	1.9
Absence of Technical Know-how	5.6
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons	7.4

Table 12.18: Need for upgradation	
Reason for need	% of units
Competitors	31.5
Reduction in waste	98.1
Cost ineffectiveness	13
Quality Improvement	31.5
Large Orders	0
Pollution Control	.0
Availability of Better Technology	0
Other Reasons	0

Table 12.20: Upgradation of design	
Frequency of changing design	% of units
0-3 months	98.1
3-6 months	1.9
>6 months	0
Total	100.00%

Table 12.21: Reasons for upgrading design	
Reason	% of units
Competitors	0
Changing Trends	0
Market demand	0
Low sales	0
Other reasons	100

Table 12.19: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	0
Absence of Design know-how	0
Resistance from labour	0
Other reasons	100
Total	100%0

12.2.9 Common Facilities

Water Supply: Water is available as per requirement. The units have got domestic connections and receive enough water for drinking purpose. They do not require much water for the manufacturing process as such. Water is supplied for 2 hours each twice in a day.

Power Supply: Power supply is irregular in this area. However, the people do not complain much as they realise that power generation is short as compared to the demand. The city is growing at an unprecedented rate that was not planned for.

- **Sanitation:** Sanitation is a major issue in this cluster. The waste is not picked from the streets which also lead to choking of drains.
- **Truck Parking:** The tier I and tier II companies who obtain these products make arrangements to get their order picked up from these units. However, there is no space for a truck/ tempo to access the cluster.
- **Other facilities:** No common facilities are present.

12.2.10 Marketing

Table 12.22: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	1.9%
Wholesale trader	.0%
Exporter	.0%
Industries	98.1%
Govt. Authorities	.0%
Total	100%

- **Consumers:** Major part of the units 98% are sold to industries.

Table 12.23: Modes of marketing	
Major means of marketing	% of units
Word of mouth	92.6
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other means of marketing	7.4

Table 12.24: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	40.7
Absence of Marketing know-how	72.2
Other reasons	7.4
Total	100

- **Mode of marketing:** 93% of the total units depend upon the word of mouth for marketing their products.

12.2.11 Support Organisations

The association is very strong; however, the micro enterprises in this cluster are not willing to register with them as they are operating the industries without sanction and fear that they would be asked to move. There are no exporters or training centres.

12.2.12 Evaluation of Govt. Schemes

Though the cluster development programme is finished it has been found that there is less interest in any govt programme.


12.2.13 SWOT Analysis

Strengths <ul style="list-style-type: none">– Availability of skilled manpower– Nearness to Market– Good connectivity	Opportunities <ul style="list-style-type: none">– Growing market of automobile components
Weaknesses <ul style="list-style-type: none">– Lack of physical infrastructure– Lack of awareness about new design and technology	Threats <ul style="list-style-type: none">– Muzassar is not planned as per industrial purpose.– Haphazard growth will lead problem in future

12.3 Auto Mobile Components, Rohtak, Haryana

Rohtak is famous for manufacturing automobile and turned components. It provides large range of turned product to domestic market as well as foreign market. Micro manufacturing industries support large units by providing ancillaries parts. Rohtak Industrial area is located on Rohtak-Hisar road at the fringe of Rohtak city. Turned component has been selected for the cluster development by the industry department in Rohtak.

12.3.1 Cluster Fact Sheet:-

Table 12.25: Basketware Cluster - Fact sheet		
Natural/Artificial	Natural	
Geographical Spread	Industrial Area	
Rural/Urban	Urban	
Approx. No. of enterprises	200	
Approx % of micro manufacturing enterprises	20	
Sample Size	20	
Nature of Manufacturing Activity	Mfg. of Automobile components	

12.3.2 Annual Turnover

Table 12.26: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	17.2
5-10	44.8
>10	20.7

Out of the 20 micro enterprises surveyed, majority of the enterprises (44%) having an annual turnover of between 5 to 10 Lakhs, 20.7 of the units have more than 10 lakhs and 17% of the units have their turnover upto 5 Lakhs.

12.3.3 Location Preference

95% of units located due to the availability of the skilled manpower while units preferred availability of raw material and proximity to the market is 65% each.

- Majority of the units (65%) do not have space problem and they are highly satisfied with the existing space. Only 5 % of the units are facing short of space problem.
- 80% of the units have no problem with lighting. Only 5% responses told about the lighting problem. 65% of the units told about the good power supply while 25% of the units have complained for power cut.
- Hygiene condition is not good in this area. 75% of the units are not satisfied with the hygiene condition in the area. 20% of the units told for good hygiene condition. 75% units complained for bad cleanliness.
- Safety is one of the concerns as 65% told for the bad safety in the industrial area. While 15% of the units are highly satisfied with it.

12.3.4 Manpower Availability

- **Employee size:** Almost 40% of the units have employment size between 1 to 5 while maximum (45%) units have employees between 6 to 10. 15% units have employed more than 10 persns.
- **Problems:**

Table 12.27: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
1-5	40
6-10	45
>10	15
Total	100

- 40% of the units are facing short of skilled man power.
- 65% of the units are facing shortage of funds in availability of skilled employees/skill upgradation.
- 50% have trust on government organisation to make available the best trained resources while

20% units responds for trust in the local industrial association for the same and 15% units have no knowledge about the any organisation for that.

Industrial association told that short of skilled manpower now started. Labourers are not coming from rural area for job. They are getting job at their villages in NREGA scheme.

12.3.5 Raw Material Availability

Iron sheet and Iron rods are the main raw material for Auto mobile industry. Most of the units (85%) are procuring raw material from bulk supplier, 10% through agents and 5% procure directly.

- **Costs:** 95% of the units facing high cost of raw material while 85% told for high cost of transportation problem of raw material procurement.
- **Support:** 65% units have trust on government organisations for help them for procuring the raw material while 10% told for the private institutes and 20% are not aware about the responsible organisation.

12.3.6 Finance/ Credit Availability

Table 12.4: Credit facilities	
	% of units
Availed Credit Facilities	20
Not availed Credit Facilities	80
Total	100.0

Only 20 % of the units availed credit facilities. Out of 4 units 3 units had taken credit got from government authority through bank under scheme while 25% got form financial institutions not under any scheme.

- **Problems:** 65% of the units told about the strict eligibility condition as a main problem for availing credit/finance while 60% told about the high interest for the same.
- **Working Capital Loans:** Only 10% of the units availed the working capital loans while 5.6% told that they didn't require it.

Table 12.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	60
Lengthy process	15
Untimely disbursement of funds	0
Unsuitable repayment schedules	5
Delay in sanction	10
Strict Eligibility Condition	65
Other problems	0
No problems	25

During discussion with local banks it has been found that they are organising seminars and meetings to create awareness among the micro enterprises. they also told that big companies are not paying their payment at reasonable time.

12.3.7 Technology Upgradation

- **Need:** 60% of the units feel that upgradation is required due to competitors while 50% told for the better technology.
- **Problems in upgradation:** Almost all the units are facing short of funds as a major problem for upgradation of their machines.
- **Support:** 80% have trust to government organisation to help them in upgrading the technology while 10% unaware about the responsible organisation of it.

12.3.8 Design and Development

Table 12.30: Upgradation of design	
Frequency of changing design	% of units
0-3 months	65
3-6 months	10
>6 months	25
Total	100.00%

their design within 3 months.

Table 12.29: Need for upgradation	
Reason for need	% of units
Competitors	60
Reduction in waste	10
Cost ineffectiveness	0
Quality Improvement	40
Large Orders	20
Pollution Control	0
Availability of Better Technology	50
Other Reasons	0

Table 12.28: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	100
Problems of R&M	0
Absence of Technical Know-how	5
Unavailability of domestic market	40
Unskilled labour	0
Resistance from labour	0
Other Reasons	0

Almost 65% of the units used to change

- **Need: Each** 80% units need to change their design for betterment due to market demand and competitors.
- 90% of the units are not able to adopt better designs due to shortage of funds.

Table 12.31: Reasons for upgrading design	
Reason	% of units
Competitors	80
Changing Trends	30
Market demand	80
Low sales	0
Other reasons	0

health is looking another source of water. Concerned government official told that industrial area will get water from other source within one year.

- **Drainage:** Very poor drainage system observed inside the industrial area. Chocked drains and water logging has been found.
- **Power Supply:** Units are facing intermittent power supply. Units told about the high tariff of power. Internal supply line is not maintained even sub station is within the industrial area. All the machines of units are based on power supply for their manufacturing process, the continuous supply of the required.
- **Road & Parking:** Very bad condition of roads has been found inside the industrial area. All roads are broken and water logging is very common. There is no proper truck parking in the area.
- **Other facility:** There is lack of all the industrial facility in the industrial area.

12.3.10 Marketing

Table 12.33: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	0
Wholesale trader	50
Exporter	0
Industries	50
Govt. Authorities	0
Total	100

12.3.9 Common Facilities

- **Water Supply:** Water is not available as per requirement of the unit. To fulfil the required demand department of public

Table 12.32: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	90
Absence of Design know-how	5
Resistance from labour	0
Other reasons	5
Total	100%0

- **Market:** Major part of units (44%) sold their products to local industries.
- **Consumers:** 50% of the units sold their products to wholesale traders and same percentage sold to industries.

Table 12.34: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	20
Absence of Marketing know-how	5
Other reasons	75
Total	100%

Table 12.35: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other means of marketing	0

- **Mode of marketing:** 100% of the total units depend upon the word of mouth for marketing their products. 75% of the units face other problems of marketing while 20% are facing short of funds and 5% of units have no knowledge about the market strategies.

12.3.11 Support Organisations

Industry department and local association is the main supporting organisation. Local industrial Association is a strong body who provides facility to raise the industry related problem before the concerned department and facilitate to enterprises.

12.3.12 Evaluation of Govt. Schemes

Very few units have knowledge about the government schemes.

12.3.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Established in Industrial Area – Nearness to market 	Opportunities <ul style="list-style-type: none"> – Growing automobile industries – State government has selected Rohtak for the cluster development in turned component activity.
Weaknesses <ul style="list-style-type: none"> – Very bad physical infrastructure – Lack of marketing skills – Lack of awareness about new design and technology – Facing short of skilled man power 	Threats <ul style="list-style-type: none"> – Facing tough competition from big companies

12.4 Turned Components, Rohtak, Haryana

Rohtak emerged as a hub of manufacturing turned component in North India. Goods manufactured have market of all over India and abroad. Maximum units are ancillary units which supplies to the big industries. Big brands like Maruti and Honda have their units here. Due to the lack of proper planning manufacturing units are grow in haphazard manner. Due to high demand of turned components units established out side the industrial area.

12.4.1 Cluster Fact Sheet:-

Table 12.36: Turned Component Cluster - Fact sheet	
Natural/Artificial	Natural
Geographical Spread	Sainik Colony, Shastri Colony and near by area
Rural/Urban	Urban
Approx. No. of enterprises	200
Approx % of micro manufacturing enterprises	70
Sample Size	83
Nature of Manufacturing Activity	Mfg. of Auto mobile components



12.4.2 Annual Turnover

Table 12.37: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
0-5	36.1
5-10	42.2
>10	21.7

Out of the 83 micro enterprises surveyed, majority of the enterprises (42.%) having an annual turnover of between 5 to 10 Lakhs, 21% of the units have more than 10 lakhs and 36 % of the units have their turn over is upto 5 Lakhs.

12.4.3 Location Preference

Around 81% of units located here due to the availability of the raw material while units preferred nearness to their residence..

- Lighting is not a big issue as majority of the units (66%) are satisfied with it.
- Majority of the units (73 %) do not have space problem and they are satisfied with the existing space. Only 18 % of the units are facing short of space problem.
- Hygiene condition is good in this area. 44.6% of the units are satisfied with the hygiene condition in the area. 31% of the units told for average good hygiene condition and 24% units complained for bad hygiene condition. Cleaning is a major concern as only 15% of the units told good cleaning.
- Safety is not a matter of concerns as 68% told for the good safety in the area. While 45% of the units are highly satisfied with it.

12.4.4 Manpower Availability

- **Employee size:** Almost 51% of the units have employment size between 1 to 5. Around 40% of the units provide employment to 6 to 10 persons per unit.
- **Problems:**

Table 12.38: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	50.6
6-10	39.8
11-15	7.2
>15	2.4
Total	100

- 39% of the units are facing short of skilled man power.
- 51% of the units are facing shortage of funds in availability of skilled employees/skill upgradation.
- 36% have trust on government organisation to make available the best trained resources while 58% units have no knowledge about the any

organisation for that.

12.4.5 Raw Material Availability

Iron sheet and Iron rods are the main raw material for Turned components. Rohtak and Delhi is main source for procuring raw material. Most of the units (59%) are procuring raw material directly, 20% through Bulk Supplier and 20% procure directly.

- **Costs:** 52% of the units facing high cost of raw material while 23% told for high cost of transportation problem of raw material procurement.
- **Support:** 37% units have trust on government organisations for help them for procuring the raw material while 57% are not aware about the responsible organisation.

12.4.6 Finance/ Credit Availability

Table 12.4: Credit facilities	
	% of units
Availed Credit Facilities	18.1
Not availed Credit Facilities	81.9
Total	100.0

Source: Around 18% of the units availed credit facilities. Out of 15 units 8 units had taken credit got from government authority through bank under scheme while 31% units have government authority directly under scheme

was the source of credit facilities.

- **Problems:** 37% of the each units told about the high interest and lengthy process as a main problem for not availing credit.
- **Working Capital Loans:** Only 13% of the units availed the working capital loans while 52% told that they didn't require it.

During discussion with local banks it has been found that they are organising seminars and meetings to create awareness among the micro enterprises. They also told that big companies are not providing their payment at reasonable time.

Table 12.5: Problems faced in availing credit

Problem	% of units facing problem
High interest rate	37.3
Lengthy process	37.3
Untimely disbursement of funds	7.2
Unsuitable repayment schedules	2.4
Delay in sanction	21.7
Strict Eligibility Condition	15.7
Other problems	3.6
No problems	32.5

Table 12.39: Need for technology upgradation

	% of units
Units who felt the need for technology upgradation	70
Units who did not feel the need for upgradation	13
Total	100.0%

12.4.7 Technology Upgradation

- 70% of the units felt that there is need for technology upgradation. 58% of the units feel that upgradation is required due to reduction of wastage while 39.1% told for cost ineffectiveness.
- Problems in upgradation:** almost 77% units are facing short of funds as a major problem for upgradation of their machines.
- Support:** 51% have trust to government organisation to help them in upgrading the technology while 45% unaware about the responsible organisation of it

12.4.8 Design and Development

Almost 81% of the units used to change their design within 3 months.

Table 12.40: Problems faced in upgradation Column			
Text Left	Right	Right	Right
Text Left	Right	Right	Right
Text Left	Right	Right	Right
Text Left	Right	Right	Right

Table 12.40: Upgradation of design

Problems faced in upgradation	% of units
Shortage of funds	77.1
Problems of R&M	1.2
Absence of Technical Know-how	25.3
Unavailability of domestic market	7.2
Unskilled labour	3.6
Resistance from labour	0
Other Reasons	13.3

Table 12.42: Upgradation of design

Frequency of changing design	% of units
0-3 months	81
3-6 months	2.4
>6 months	15.7
Total	100.00

- Need:** 55% of units change due to others while 31% units need to change their design for betterment due to competitors.
- Support:** 63% of these units changed this design by demand only. 77 % of the units are not able to adopt better designs due to other reasons while 23% units shortage of funds

Table 12.41: Need for upgradation	
Reason for need	% of units
Competitors	29.0
Reduction in waste	58.0
Cost ineffectiveness	39.1
Quality Improvement	36.2
Large Orders	27.5
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0

Table 12.42: Reasons for upgrading design	
Reason	% of units
Competitors	31.3
Changing Trends	9.6
Market demand	39.8
Low sales	0
Other reasons	55.4

in the area. Heavy vehicles are parked along the road side.

- **Other facilities:** No common facilities are present in this cluster. Raw material banks, training centres, design upgradation centres, parking, warehouses everything is missing here

12.4.9 Common Facilities

- **Water Supply:** water is not available as per requirement of the units. Some of the units have their own system to get the water.
- **Power Supply:** Now a day there is better availability of power in Rohtak. But units are getting regular power supply. There is a demand from industrial association to reduce the power tariff as it high.
- **Parking:** There is no proper truck parking

Table 12.43: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	22.9
Absence of Design know-how	0
Resistance from labour	0
Other reasons	77.1
Total	100%

12.4.10 Marketing

Table 12.44: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	10.8
Wholesale trader	10.8
Exporter	0
Industries	84.3
Govt. Authorities	0
Total	100%

- **Consumers:** Major part of the units 84% are sold to industries. Rohtak based large companies provide lot of opportunities to the micro enterprises.

Table 12.45: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	2.50
Association directory	0
Advertisements	0
E-Commerce	0
Other means of marketing	0

Table 12.46: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	20.0
Absence of Marketing know-how	5.0
Other reasons	75.0
Total	100

- **Mode of marketing:** 100% of the total units depend upon the word of mouth for marketing their products. As these enterprises fulfil the orders to local market so they do not look to other market apart from Rohtak. Around 75% of the companies are facing other reason of marketing problem while 20% units face short of fund for the same.

12.4.11 Support Organisations

Local industrial association is the main support organisation in this area.

12.4.12 Evaluation of Govt. Schemes

Units are aware about the MSME scheme like Prime Minister's Employment Generation Programme. It has been found that there is less interest about these schemes.

12.4.13 SWOT Analysis

Strengths <ul style="list-style-type: none">– Availability of skilled man power– Have market reach to all India and abroad	Opportunities <ul style="list-style-type: none">– Growth of automobile industry– Now big automobile companies are opening their ancillary units
Weaknesses <ul style="list-style-type: none">– Haphazard development– Short of skilled manpower– Lack of awareness about new design and technology	Threats <ul style="list-style-type: none">– No skill development programme– Units are located in out side the industrial area.

13. Cluster Reports- NIC Code -36

13.1 Band- Baja Cluster, Meerut

13.1.1 Cluster Fact Sheet:-

The Band Baja Cluster in Meerut area has more than 100 enterprises that manufacture a variety of musical instruments. This cluster is over 50 years old. Geographically the cluster is spread over 2 kms, which include areas like Jolly Kothi, Patel Nagar, Kesargunj, Khair Nagar and Ahmed Nagar. Majority of the enterprises here fall in the micro industrial category with an average investment of less than 25 Lakhs in plant & machinery. The major products are musical instruments like Brass Band, Manjira, Dhol, Jhunjhuna, Flute, Harmonium, Drum, Shehnai, Clarinet etc.

This cluster is very famous in India and most of the musical instruments sold all over the country are manufactured here. This is a natural cluster that has now been **declared as a cluster** for intervention by the Govt. of Uttar Pradesh.

Table 13.1: Band Baja Cluster - Fact sheet	
Cluster Type	Natural Cluster
Geographical Spread	Jolly Kothi, Patel Nagar, Kesargunj, Khair Nagar and Ahmed Nagar.
Rural/Urban	Urban
Approx. No. of enterprises	>100
Approx % of micro manufacturing enterprises	95%
Sample Size	53
Nature of Manufacturing Activity	Manufacture of furniture and other n.e.c. (NIC Code 46) Manufacture of Musical Instruments



13.1.2 Annual Turnover

Table 13.2: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-2	66
2-3	26.4
3-4	6.8
>4	3.8
Total	100

Majority of the enterprises (> 65%) claim to have a turnover between ₹ 1 to 2 Lakh. Around 25% of the enterprises have a turnover ranging from ₹ 3 to 4 Lakh.

From this information we can assume an average annual turnover of ₹ 2.5 Lakhs per enterprise, and the average turnover of the cluster to be somewhere around ₹ 200 Lakhs. As per a report by the MSME Foundation; the estimated annual turnover of the cluster would be approximately ₹

15-16 crores with an investment of ₹ 10 crores.

13.1.3 Location Preference

Where almost 80% of the people accredited the availability of raw materials and skilled labour to the setting up their enterprises at the current location, 45% also gave credit to the proximity of the markets for this.

More than 55% stated the reason for establishing their enterprises near Jali Kothi as it was near their residence, where 41% also said that another reason was the availability of cluster benefits due to the concentration of similar type of enterprises in the vicinity.

Table 13.3: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	0
Connectivity	0
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	79.2
Proximity to market	45.3
Availability of skilled labour	79.2
Local tax incentives	0
Local wage levels	0
Close to residence	56.6
Cluster benefits	41.5
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- More than 70% of surveyed enterprises have rated the lighting conditions in their work place 1 or 2 (on a scale of 1 to 5). The major problem that they pinpoint to is the lack of continuous power supply.
- The enterprises seemed to be moderately satisfied with the space conditions in their work place. 56% rate it as 2 and 17% rate it as 3. They say that the enterprises lack enough working space.
- The workers also feel that the hygiene conditions are less satisfactory. With more than 60% of the enterprises rating it less than 3. They have stated that timely cleaning does not take place.
- Majority of the enterprises say that there is average safety in their workplace. 41.5% rate it as 3 and 24.5% rate safety conditions as 2.

13.1.4 Manpower Availability

Table 13.4: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	81.1
6-10	17
11-15	0
>15	1.9
Total	100

81% of the enterprises have between 0 to 5 employees or workers manufacturing musical instruments. Only 17% have between 6 to 10 employees.

The association also backed up this information saying that each enterprise employed roughly 4 to 5 workers based on the work. From this one can assume that this industry in all employs around 500 persons. Almost 81% also informed that there was

enough availability of workers in the market.

- **Problems:** Where more than 50% of the enterprises did not have any problems in the availability of skilled employees; around 47% attributed this to shortage of funds.

The association also mentioned that in the past few years a number of workers have shifted to other jobs like driving rickshaws due to lack of work in this industry.

- **Support:** Almost 60% of the enterprises trusted the Government Organisations for provision of skilled labour/ upgradation; the remaining 40% did not know whom to trust for the same.

The association informs us that a number of artisans have taken to other professions in the informal sector (rickshaw drivers, roadside vendors etc.) due to the fluctuating market linked business – leading to sudden peaks and sudden lows – giving them no stability of income.

13.1.5 Raw Material Availability

- **Proximity:** 80% of the enterprises get their raw material from within Meerut itself; the remaining 20% get their raw material from Delhi.
- **Procurement:** More than 80% of the enterprises procure their raw material through agents, only 20% procure it directly.
- **Costs:** Almost 94% of the enterprises agree to the cost of raw material being high which is a major problem being faced by the enterprises in procuring raw materials. 39.2% also faced a problem of fluctuating costs in procuring raw material.
- **Support:** Where 50% enterprises trust the government to lend support for procurement of raw material the other 50% do not know whom to trust for the same.

The association also confirmed this indicating that in the past few years the number of enterprises have almost halved in number as the cost of raw material have increased. During the survey almost 86% of enterprises felt the requirement for a raw material bank. The president also seconded this opinion by stating that the government should extend support.

13.1.6 Finance/ Credit Availability

Table 13.5: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	35.8
Lengthy process	39.6
Untimely disbursement of funds	1.9
Unsuitable repayment schedules	0
Delay in sanction	32.1
Strict Eligibility Condition	9.4
Other problems (Need to give commission to agent)	7.5
No problems	3.8
* This was a multiple answer question, the total may add up to more than 100%	

More than 40% of the enterprises claim to have availed credit facilities where the remaining have not taken any loans. Out of the 2 enterprises who have claimed to have taken loans, almost 81% have done so from private money lenders. Only around 18% have taken loans banks or financial institutions. The enterprises instead of taking loans take some money in advance from the traders who place orders with them.

- **Problems:** The major problems that were faced by the enterprises that have been observed as an outcome of the primary survey conducted were high rates of interest and lengthy process of availing credit. Some also pointed out to delay in sanctioning and strict eligibility criteria as a problem faced in

availing credit facilities from the banks. On further questioning, the association stated that to get the loans sanctioned the enterprises had to give commission to the bank officers.

- **Working Capital Loans:** More than 80% of the enterprises have not availed working capital loans. Where 60% say that they are available the others say they are not required. However banks mention that they are available. This contradiction shows the lack of awareness amongst the enterprises.

On discussion with the banks, it was revealed that the banks were uncomfortable in giving loans due to the high threat involved. They are unable to give timely loans as the enterprises are unable to provide proper documents required. There is also no surety that they would use the loan for business purposes. The micro/ household enterprises do not have enough resources to keep as collateral or security.

13.1.7 Technology Upgradation

The primary survey revealed that less than 40% of the enterprises felt the need of upgradation of the machines and technology. When we further questioned the association about this matter, the association does feel the requirement of technology upgradation. It also mentioned the initiatives taken by the Govt. of Uttar Pradesh in conducting seminars and workshops.

Table 13.5: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	37.7
Enterprises who did not feel the need for upgradation	62.3
Total	100

- **Need:** Almost 50% of the enterprises felt the need for upgradation of technology due to the competition. 21% said that large orders made them feel the necessity for upgrading the technology and 31% felt so because of the availability of new technology. 26% also attributed the need to reduction in waste.
- **Problems in upgradation:** Almost 85% said that they were not able to upgrade technology due to shortage of funds, where around 15% blamed the absence of skilled labour to use

the new technology.

- **Support:** In this case almost 60% enterprises trust the government to lend support for procurement of raw material where the other 40% do not know whom to trust for the same.

Table 13.6: Problems faced in upgradation		Table 13.7: Need for upgradation	
Problems faced in upgradation	Respondents (%)	Reason for need	Respondents (%)
Shortage of funds	84.9	Competitors	47.4
Problems of R&M	0	Reduction in waste	26.3
Absence of Technical Know-how	3.8	Cost ineffectiveness	15.8
Unavailability of domestic market	0	Quality Improvement	5.3
Unskilled labour	15.1	Large Orders	21.1
Resistance from labour	0	Pollution Control	0
Other Reasons	13.2	Availability of Better Technology	31.6
		Other Reasons	0

Through both primary and secondary research it was found that there has been almost no technological upgradation in the enterprises in spite of a number of seminars and workshops held by various technical institutes.

13.1.8 Design and Development

Table 13.8: Upgradation of design	
Frequency of changing design	% of enterprises
<1 months	67.9
1-3 months	24.5
3-5 months	1.9
5-7 months	3.8
> 7 months	1.9
Total	

The designs of the musical instruments keep changing very frequently. Most enterprises claim to change their designs every month. Almost 70% of the enterprises do so. 25% of them change almost every 3 months.

- **Need:** Almost 75% attribute the need for changing the designs at such frequency to the changes in the market demand. 17% of the enterprises hold the competitors responsible.

■ **Problems:** Where more than 50% of the enterprises that have not been able to adopt the changes in designs or face problems in doing so, is because of they face a shortage of funds. Almost 40% also blame the absence of design know how for this. More than 10% of the enterprises surveyed also face resistance from labour in design upgradation.

Table 13.9: Need for upgrading design *	
Reason	% of enterprises
Competitors	17
Changing Trends	1.9
Market demand	77.4
Low sales	1.9
Not required	17
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.10: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	52.8
Absence of design know-how	39.6
Resistance from labour	11.3
Other reasons	13.2
Not answered	14.3
* This was a multiple answer question, the total may add up to more than 100%	

13.1.9 Common Facilities

- **Water Supply:** Water is being supplied on an intermittent basis to the enterprises – 2 hours twice daily. However only 50% are satisfied with the supply. On talking with the association it was found that the water supplied depends upon the power supply which is very poor.
- **Power Supply:** Though 98% of the enterprises have agreed to power being supplied in their area, more than 60% of the enterprises are dissatisfied with the power supply conditions. They face daily power cuts - also there is no fixed timing for this.

On further discussion with the UPPCL, shortage of supply versus the demand has been identified as one of the main reasons for this shortage. Another problem pointed out by the department is that the enterprises have taken up domestic connection- due to this the power cuts are as per residential areas rather than industrial. Non-payment of bills by the people in this area is another major problem being faced by the power department.

- **Connectivity:** Almost 50% of the enterprises seemed to be dissatisfied with road conditions. During a visit to the site, it was found that the roads were narrow and in poor condition. Water logging was found at some places where potholes were present. Another thing that was noticed was that the enterprises had encroached upon the roads till almost

1 mt from their premise on both sides of the roads for displaying their manufactured products. This led to traffic congestion throughout the day. Also this led to choking of drains running along the roads.

The association brought to our notice that the quality of roads laid and re laid are very poor – as a result of the corruption in the department.

- **Truck Parking:** No truck parking is available to these enterprises. These enterprises allow the trucks to park on the roads itself – causing more congestion.

Ware houses or sales depots are also not present – where the finished could be stored and the congestion of roads can be reduced.

- **Other facilities:** Production centre, information centres, training centres, first aid centres or canteens are also absent in this area. More than 80% of the enterprises feel the requirement for production centres, training centres, R&D facilities, information centre, first aid centres and canteens.

13.1.10 Marketing

Table 13.11: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	54.7
Wholesale Trader	90.6
Exporter	1.9
Industries	0
Govt. Authorities	0
Others	0

The first point as indicated by almost 85% of the enterprises is within Meerut itself. These enterprises sell their products to wholesale and retail traders all over India for retail consumption. Mumbai, Delhi, Kolkata, Bangalore were some of the names that came up during the primary survey.

- **Market:** While more than 90% of the enterprises disclosed their major buyer to be wholesale traders, around 50% of the

traders also sold their goods to retail traders. Less than 2% of the manufacturers sold their goods to exporters.

- In deliberation with the association it came forward that the awareness about this industry though is high at a national level, it has still not developed at an international level. The traders at the international level recognise Moradabad as the centre for these products, whereas Moradabad sells products actually manufactured in Meerut.

Table 13.12: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	94.3
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other	11.3
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.13: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	9.6
Absence of Marketing know-how	25
No problems	71.2

- **Mode of marketing:** Most of the enterprises (95%) market their products by taking self initiative. They go to traders all over India and show them their samples and procure orders for their enterprises. However the enterprises do feel the need for government support in displaying their products in exhibition or melas. They also feel the requirement of sales depots and marketing display centres. This would help them in attracting international market. A quality testing/ certification centre would also help them in this aspect.
- **Problems:** More than 70% of the enterprises do not have any problem in the present way of marketing, whereas almost 25% feel that they could do better marketing if they had more marketing knowledge. 10% are not able to market their products well due to shortage of funds.

The association also pointed out that the cluster has no direct access to the markets. They are not considered for the bigger orders placed by the various state governments – these orders are captured by the traders or manufacturers with greater political approach and who are financially stronger. They in turn do job work for these traders at low costs who in turn sell their products for a higher profit. We can conclude from this that ***lack of direct access to market leads to exploitation by traders.***

13.1.11 Support Organisations

The Meerut Vadya Yantra Nirmata va Vikreta Vyapar Sang is a strong association that is in operation. This association puts up and circulates the various government orders/ schemes etc that are received by it. It also keeps track of the major grievances and forwards complains to the relevant department. This cluster has also been identified as one of the cluster to be taken up for intervention under the MSE- CDP under Mo MSME. Mo MSME has identified the Govt. of Uttar Pradesh as responsible for this cluster. The diagnostic study has already been prepared for this cluster.

13.1.12 Evaluation of Govt. Schemes

Though the cluster has come up for intervention under the MSE-CDP, none of the enterprises were aware of this. They also did not show any awareness about the other schemes related to credit linked subsidy, marketing etc, which they could make use of. This shows the lack of awareness of these enterprises and their total lack of interest in the government benefits.

13.1.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – It has been able to capture market all over India. – Taken up for intervention by Mo MSME 	Opportunities <ul style="list-style-type: none"> – They understand the requirement for training, R&D centres.
Weaknesses <ul style="list-style-type: none"> – Poor infrastructure conditions – Lack of credit facilities or easy access to finances. – Lack of technical, design and marketing know how. – Inability to capture government orders and international market. 	Threats <ul style="list-style-type: none"> – Very low awareness level regarding government schemes and benefits. – Industry has halved in the past few years to due rising cost of raw material – leading to decrease in jobs.

13.2 Bone Accessories Cluster, Loni, District Ghaziabad

13.2.1 Cluster Fact Sheet:-

Bone accessories or jewellery made out of animal bone is being manufactured at Loni town in Ghaziabad district. Loni lies on border of Delhi and Ghaziabad. This work is being done in households at Toli Mohalla, where complete families are a part of this manufacturing process.

This industry has been **declared as a Cluster** by the Ministry of MSME and has been taken up for intervention by NIESBUD.

Table 13.14: Bone Accessories Cluster – Fact sheet	
Cluster Type	Natural
Geographical Spread	Toli Mohalla, Loni town, District Ghaziabad
Rural/Urban	Urban
Approx. No. of enterprises	>200
Approx % of micro manufacturing enterprises	100%
Sample Size	53
Nature of Manufacturing Activity	Mfg. of furniture and other n.e.c. (Manufacture of Artificial Beaded Jewellery.)



13.2.2 Annual Turnover

Table 13.15: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-2	24.1
2-3	44.4
3-4	46.3
>4	11.1
Total	100

47% of the enterprises have an annual turnover between ₹ 3-4 Lakhs. 45% of the enterprises approximately have a turnover ranging from ₹ 2-3 Lakhs. Around 24% had a turnover from ₹ 1-2 Lakh.

From the primary survey assuming an average of ₹ 3.5 Lakhs per annum for each enterprise the total turnover of the cluster would be around ₹ 600 Lakhs.

13.2.3 Location Preference

Majority of the enterprises (90%) preferred this location due to the availability of skilled labour in the neighbourhood. 68.5% also chose this location due to its connectivity. It being closer to both Delhi and Ghaziabad, it is well connected to both and to major railway stations. Approximately 55% said

Table 13.16: Location advantage	
Advantage	Respondents (%)
Availability of industrial sheds	1.9
Availability of physical infrastructure	1.9
Connectivity	68.5
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	53.7
Proximity to market	48.1
Availability of skilled labour	90.7
Local tax incentives	0
Local wage levels	1.9
Close to residence	24.1
Cluster benefits	9.3
Easy availability of credit	1.9
Any other	0
Total	100.0

that the raw materials are available in close proximity. 48% also preferred this location due to its proximity to market, the main market for such accessories being in Delhi.

- Around 58% of the enterprises were extremely unhappy (1 on a scale of 1-5) with the lighting condition in the enterprises. The reason being unscheduled power cuts. 14.8% rated it as 2 and 22% rated it as 3.
- Almost 50% of the enterprises were moderately satisfied with the space in the enterprises (34% having rated it 3 and 15% having rated it 4). However, 42% were also dissatisfied (having rated it 1 or 2). The main reason for dissatisfaction being lack of space for the manufacturing activity.
- 63% of the enterprises were discontented with the cleanliness and hygiene conditions

of the enterprises and their surroundings. This could be attributed to the unclean surroundings- solid waste strewn along the lanes and choked drains. Complain being cleaning was not being taken up periodically.

- Majority of the enterprises were moderately satisfied with the safety situation (Almost 64% rated it 2, 3 or 4).

13.2.4 Manpower Availability

According to the primary survey, 90% of the enterprises preferred this to set up the industry at this location due to availability of manpower. This being a household industry, family members are involved in the manufacturing process. The the men are involved in manufacturing of beads and marketing whereas women folk are involved in the designing, dyeing and stringing together the beads. 72% also confirm the availability of employees in the market.

Table 13.17: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	85.2
6-10	14.8
11-15	0
>15	0
Total	100

- **Employee size:** 85% of the enterprises have between 0-5 employees manufacturing artificial ornaments whereas 15% have between 6 -10 employees on their payroll. None of the enterprises have more than 10 employees. 72% of the enterprises have confirmed that skilled labour is available in the market.

- **Problems:** Shortage of funds is the most prominent reason why majority of the enterprises (> 60%) are unable to employ skilled labour or provide skill upgradation to their workers. NIESBUD has held courses to enhance the skills of various workers in which a number of people participated. However, these are not being employed in the manufacturing process.
- **Support:** Where 30% of the enterprises trusted the government organisations to make available to them the best trained resources, almost 70% of the enterprises did not know whom to trust.

In spite of training programmes held by NIESBUD as a part of the Soft Intervention at this cluster, where a number of members also participated or sent some representative to participate, they have still not been able to employ these in their manufacturing process. The association were of the opinion that the course held by NIESBUD was of no use as there was no follow up of the same.

13.2.5 Raw Material Availability

Animal bones are the primary raw material used in manufacturing of beaded ornaments. These are made using buffalo and camel bones.

- **Proximity:** Almost 70% of the enterprises procure their raw materials from within Loni town itself. The bone bead traders are also present in and around Toli Mohalla itself. 16% of them acquire the raw materials from bigger cities like Mumbai or Delhi.
- **Procurement:** Roughly 45% of the enterprises procure the raw materials directly from the market. However, more than 50% of the enterprises procure it through agents who are responsible for buying and delivering the raw material to the enterprises from the traders.
- **Costs:** Where almost 92% of the enterprises agree to high cost being a problem in procuring raw material, less than 6% indicate fluctuation in the costs.
- **Support:** In spite of interventions by NIESBUD, only 40% of the enterprises seem to trust the government organisations for procuring raw material, whereas 56% did not know whom to trust.

Procurement of raw material is not considered as a major issue in this cluster. The enterprises are able to procure material directly from the traders in their locality itself. They also do not require any specialised raw materials for their manufacturing process.

13.2.6 Finance/ Credit Availability

Majority of the enterprises (almost 65%) in the bone accessories cluster have availed credit facilities.

Table 13.4: Credit facilities	
	Respondents (%)
Availed Credit Facilities	64.8
Not availed Credit Facilities	35.2
Total	100

- **Source:** Out of the 35 enterprises that have availed credit, 95% (33 enterprises) had done so from private money lenders. Only 2 of them had availed this facility from banks.

- **Problems:** Almost 36% of the enterprises preferred private money lenders to banks or financial institutions due to the lengthy and tedious process at the banks. 28% also faced a problem of strict eligibility conditions and 16% complained of unsuitable repayment schedules.

Table 13.5: Problems faced in availing credit	
Problem	Respondents (%)
High interest rate	10
Lengthy process	36
Untimely disbursement of funds	0
Unsuitable repayment schedules	16
Delay in sanction	26
Strict Eligibility Condition	0
Other problems	28
No problems	4
Not answered	3.7

- **Working Capital Loans:** 70% of the enterprises had not availed working capital loans because they did not require such loans. Around 15% of them however revealed that such loans were not available. However, during discussions with the banks, it was discovered that such loans are available however, the awareness was low.

From discussions held with both, the association and the financial institution, it can be concluded that the units are not aware of the various financial supports available to the MSME sector. The financial

institutions are also wary of providing loans to a number of these enterprises due to the high risks involved. The enterprises are wary of taking loans from banks due to their lengthy and tedious documentation procedures.

13.2.7 Technology Upgradation

Table 13.18: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	42.6
Enterprises who did not feel the need for upgradation	57.4
Total	100

upgradation because the new technology is more cost effective than the old technology. 21.7% felt the need due to competition and the availability of new technology each.

- **Problems in upgradation:** 63% of the enterprises however are not able to upgrade technology as the enterprises do not have enough funds. Around 10% also blamed the absence of technical know-how for not upgrading the technology.
- **Support:** Where 72% of the enterprises did not know whom to trust in upgradation of technology, 28% trusted the government organisations to help them with this.

The primary survey revealed that only 43% of the enterprises felt the need for upgradation of the machine tools/ technology whereas 57% did not feel any such need.

- **Need:** Where 43.5% felt the need for

Table 13.19: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	63
Problems of R&M	7.4
Absence of Technical Know-how	9.3
Unavailability of domestic market	1.9
Unskilled labour	0
Resistance from labour	0
Other Reasons	33.3
Not answered	3.7

Table 13.20: Need for upgradation	
Reason for need	Respondents (%)
Competitors	21.7
Reduction in waste	8.7
Cost ineffectiveness	43.5
Quality Improvement	4.3
Large Orders	8.7
Pollution Control	0
Availability of Better Technology	21.7
Other Reasons	0

Table 13.21: Upgradation of design	
Frequency of changing design	% of enterprises
0-3 months	70.4
3-6 months	22.2
6-9 months	7.4
9-12 months	0
> 12 months	0
Total	100

13.2.8 Design and Development

All the enterprises changed their designs once every year. More than 70% of the enterprises upgrade their designs within 3 months and 22% changing it every 6 months.

- **Need:** 90% of the enterprises changed the designs as per the market demands whereas 25% also based this upgradation on changing trends. 28% also changed the designs as per the competition.
- **Support:** 90% off these enterprises designed this jewellery by themselves. NIESBUD has held certificate courses to train the workers in computer aided designing. This course has been attended by various members of the enterprises.

Table 13.22: Reasons for upgrading design	
Reason	% of enterprises
Competitors	27.8
Changing Trends	24.1
Market demand	90.7
Low sales	0
Other reasons (no need)	14.8

More than 90% of the enterprises refused the presence of testing centres, design & training centres, R&D Centres or production centres. Despite NIESBUD's intervention in terms of technology and design workshops and training sessions held, majority of the enterprises have not acknowledged the intervention.

13.2.9 Common Facilities

- **Water Supply:** Water is regular and is supplied by the state government for 2 hours both in the morning and evening on a daily basis. The enterprises generally do not require them for industrial purposes unless they are involved in dyeing of the beads. The enterprises are generally satisfied with the water being supplied.
- **Power Supply:** Power is being supplied by the Uttar Pradesh Power Corporation Ltd. The power supply is however, extremely irregular as there are no fixed timings for the power cuts. More than 60% of the enterprises are dissatisfied with the status of power supply.
- **Telecommunication:** The telecommunication provider being private the enterprises are satisfied with the service provided.

- **Connectivity:** Almost 30% of the enterprises admit to connectivity being a problem. The internal lanes are extremely narrow and have open drains running along-side the roads. These are not cleaned on a regular basis leading to choking of drains at the time of rains. This also increases the frequency of congestion.
- **Truck Parking:** No common truck parking is present for these enterprises as per almost 90% of the enterprises. These enterprises feel the requirement of the same so as to avoid traffic congestion during the loading/ unloading time.
- **Other facilities:** Production centre, warehouses, first aid centres or canteens are also not present in this area. 90% of the enterprises feel the requirement for warehouses for storage of their raw material and finished goods. 98% also feel the requirement for design centres in their cluster for making new & innovative products.

13.2.10 Marketing

Table 13.23: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	3.7
Wholesale trader	81.5
Exporter	48.1
Industries	0
Govt. Authorities	1.9
Others	0

- **Market:** For more than 70% of the enterprises, the main market lies in Delhi and 10% of the market lies in Ghaziabad.

- **Consumers:** The major buyers are wholesale traders who further sell the products to retailers in various parts of the nation. 81.5% of the enterprises sell their products to wholesalers. A lot of these goods are sold by the traders at various informal markets in Delhi like

Sarojini Nagar, Lajpat Nagar etc apart from exhibitions like Delhi Haat etc.

Table 13.24: Modes of marketing	
Major means of marketing	% of enterprises
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0

Table 13.25: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	5.6
Absence of Marketing know-how	22.2
Other reasons	74.1

- **Mode of marketing:** 100% of the enterprises depend upon the word of mouth for marketing their products. Very few display their products at exhibitions or melas.
- **Problems:** 23% of the enterprises felt that the lack of marketing knowledge is a major problem they face in marketing their products. 62% of the enterprises whereas think that marketing is not applicable to them as they have to sell only to the wholesale traders. They are not aware that they can market the products on their own.

During the field survey, it was found that the products when sold at Loni cost ₹ 30 or 40 which cost almost ₹ 300 at the markets in Delhi. If these enterprises were given better marketing opportunities, awareness and better support from the government in terms of sales depots and promotions, it would enable them and improve their livelihood conditions.

13.2.11 Support Organisations

An industrial association is present which was made as the SPV when chosen for intervention under NIESBUD. This association is very active in terms of circulating various government circulars, orders etc. they are also well aware of the various enterprises and the problems faced by them. None of the enterprises however are associated with an exporter or NGO or any other similar organisation.

13.2.12 Evaluation of Govt. Schemes

None of the enterprises were aware of any of the schemes that have been brought out by the government for their benefits. They are also resistant to these schemes and are of the opinion that the schemes are only theoretical and they are not user friendly. Their constant complains being no awareness was provided regarding these schemes.

13.2.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – NIESBUD has taken initiative and completed soft and hard interventions in this cluster. – Active industrial association. 	Opportunities <ul style="list-style-type: none"> – Huge market demand.
Weaknesses <ul style="list-style-type: none"> – The enterprises are not able to implement the knowledge provided by NIESBUD into the manufacturing process. – Most enterprises are unaware of their market or marketing potential. They are completely dependent on the traders for further sale of their product. 	Threats <ul style="list-style-type: none"> – Majority of the enterprises do not give importance to upgradation of technology and do not feel the need for it. – The enterprises depend on private money lenders for capital rather than financial institutions or banks. – Shortage of funds for upgradation of skills and finding skilled labour.

13.3 Scissor Cluster, Meerut

13.3.1 Cluster Fact Sheet:-

Meerut has been famous for scissor manufacturing. This industry dates back to more than 350 years. The cluster is located around Peeramal market, Kanch ka phool, Khair Nagar, Ghantaghar, Kareem Nagar, Kotla and Kareemwala areas. The scissor blades are manufactured in smaller villages in Meerut District, like Mawana, Vahasuma, Parikhithgarh adi, Bara Gaon and Chota Gaon. These blades are then bought by manufacturers in Meerut city, who sharpen, assemble and finish these. The major products are 8" to 18" copper and silver scissors.

These enterprises put together have been **declared as a Cluster** by the Ministry of MSME and has been taken up for intervention by NIESBUD.

Table 13.26: Scissor Cluster – Fact sheet	
Cluster Type	Natural
Geographical Spread	Peeramal market, Kanch ka phool, Khair Nagar, Ghantaghar, Kareem Nagar, Kotla and Kareemwala; Meerut City.
Rural/Urban	Urban
Approx. No. of enterprises	> 200
Approx % of micro manufacturing enterprises	90%
Sample Size	53
Nature of Manufacturing Activity	Manufacture of furniture and other n.e.c. (NIC Code 46) ; Manufacture of Scissors.

13.3.2 Annual Turnover

Table 13.27: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
< 1	61.5
1-2	28.8
2-3	3.8
> 3	5.9
Total	100

The primary survey revealed that more than 60% of the enterprises have an annual turnover of less than ₹ 1 Lakh. Around 30% of the enterprises admitted to having a turnover of between ₹ 2 to 3 Lakhs.

On further discussion with the Scissor Manufacturers Association; the average investment per enterprise (micro) could be considered to be around ₹ 1 Lakh. Based on the

spot calculations done by the association; (considering an average production of 40 scissors a day costing an average ₹ 50 each, assuming 8 working months) we can conclude that the enterprises have an average turnover ranging between ₹ 2 to 3 Lakhs. As per the Report by the MSME Foundation, the estimated turnover of the cluster is around ₹ 10 crores.

13.3.3 Location Preference

All the 52 enterprises who were interviewed responded that the main reason for establishing the enterprises in Meerut city was the easy availability of both raw materials and skilled labour. These enterprises get their raw material from the adjacent villages in Meerut district

itself. Almost 85% of the enterprises also stated the reason for setting up the industry at Pedamal Bazar due to its nearness to their residence.

Table 13.28: Location advantage	
Advantage	Respondents (%)
Availability of industrial sheds	3.8
Availability of physical infrastructure	1.9
Connectivity	0
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	100
Proximity to market	11.5
Availability of skilled labour	100
Local tax incentives	0
Local wage levels	0
Close to residence	84.6
Cluster benefits	5.8
Easy availability of credit	1.9
Any other	0

conditions vicinity.

- Majority of the enterprises surveyed were disappointed with the lighting conditions of their enterprises. Almost 46% rated it as 1 and 36% rated it as 2 on a scale of 1 to 5 (where 1 is the lowest). The reason stated by them was untimely power outages.
- The enterprises surveyed did not seem to be satisfied with the space available to them within their enterprises. 100% of them rated the space conditions 1, 2 or 3. (32% rated it 1, 30% said 2 and the remaining rated it as 3). 80% stated the reason as lack of space.
- Almost 100% of the enterprises agreed to the lack of hygiene as a major point of dissatisfaction.
- Around 58% of the enterprises were moderately satisfied with the safety

13.3.4 Manpower Availability

Table 13.29: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	96.2
6-10	3.8
11-15	0
>15	0
Total	100

Majority of the enterprises preferred to set up their enterprise at Meerut city due to the easy availability of labour. Majority of the workforce belongs to villages in an around Meerut city or in Uttar Pradesh. More than 95% of the enterprises employ not more than 5 workers in their enterprises. Based on this data we can assume that the industry generates an employment for more than 700 persons. In dialogue with the association another observation made was that

the workers have a high rate of attrition as they tend to go back to their villages for long durations. The industry suffers due to this, and is working for not more than 8 months in a year.

- Employee size:** 96.2% of the enterprises employ anywhere between 0-5 workers. The remaining employ around 5- 10 workers. The enterprises have confirmed that skilled labour is available in the market.
- Problems:** The enterprises do not have enough funds to upgrade the skills in their workers or to employ skilled labour. 100% of the enterprises stated this as a major issue. Around 12% also pointed out the lack of practical training institutes. This has been noticed even though NIESBUD has taken up this cluster for intervention and have already completed Soft Intervention in this cluster.
- Support:** 100% of the enterprises trust the government organisations to make available the best trained resources to them.

In spite of training programmes held by NIESBUD as a part of the Soft Intervention at this cluster, a few complained of lack of practical training initiatives.

13.3.5 Raw Material Availability

- **Proximity:** 100% of the enterprises get their raw material from within Meerut district itself.
- **Procurement:** Where 50% of the enterprises get their raw material directly from the traders or the tier I industries located in the villages, the other 50% get it through agents.
- **Costs:** All the enterprises agreed to the cost of the raw material being high, of which 21% also considered fluctuation in prices as a major issue.
- **Support:** 100% of the enterprises depend upon the government organisations for help in procuring raw material. The intervention by NIESBUD could be a reason for the same.

Since the cluster is largely dependent on the traders for raw materials, they face the problem of fluctuating costs. The traders control the pricing of the raw material.

13.3.6 Finance/ Credit Availability

None of the enterprises surveyed during the primary survey has claimed to have taken any credit. On further probing, the association clarified that almost none of the enterprises would have taken loans from financial institutions; people do take short term loans from private money lenders.

- **Problems:** 86.5% of the enterprises faced a problem of high interest rates- as a result of which they do not avail credit from banks. 38.5% also accredited their not availing loan to untimely disbursement of loans. 77% blamed strict eligibility conditions and 48% blamed delayed sanctioning of loan for not availing the facility from the banks/ financial institutions. Another issue that came forward was that to avail credit, agents have to be hired and given commission. 36.5% came up with this reason.

Table 13.5: Problems faced in availing credit	
Problem	Respondents (%)
High interest rate	86.5
Lengthy process	17.3
Untimely disbursement of funds	38.5
Unsuitable repayment schedules	1.9
Delay in sanction	48.1
Strict Eligibility Condition	76.9
Other problems (Need to give commission to agent)	36.5
No problems	0

- **Working Capital Loans:** None of the enterprises had availed working capital loans and none of them also felt the requirement for the same.

On discussion with the lead bank in Meerut, it was revealed that the banks were guarded in sanctioning loans to the enterprises in the MSME sector due to high risk factor. The extent of risk factor is due to uneducated owners, lack of collateral security among the applicants, lack of clean book keeping, lack of and unawareness about the required documentation.

13.3.7 Technology Upgradation

Table 13.30: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	59.6
Enterprises who did not feel the need for upgradation	40.4
Total	100

- **Need:** The primary survey revealed that majority of the enterprises felt the requirement for upgradation of their technology. Where above 80% felt this need to reduce the wastage being caused by the present technology, more than 45% felt this need due to larger orders being placed with them. 23% also attributed the need to their competitors.

- **Problems in upgradation:** Where all the enterprises mentioned shortage of funds as the priority reason for not upgrading their machinery, 27% also attributed this problem to unskilled labour. 21% stated the reason for not upgrading the technology as the lack of technical knowledge and awareness.
- **Support:** 100% of the enterprises trusted the government organisations for providing support in upgradation of technology.

As per secondary research it has been inferred that the cluster has seen a decline in demand for scissors that are less than 10” – mainly used in the household industry. In order to revive the market for these scissors, there is a requirement for upgradation of technology so as to ensure the quality. There is also a requirement for quality control measures or a quality management cell in the cluster.

Table 13.32: Need for upgradation	
Reason for need	Respondents (%)
Competitors	23.3
Reduction in waste	83.3
Cost ineffectiveness	13.3
Quality Improvement	3.3
Large Orders	46.7
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0

to value addition; more than 50% of the enterprises answered that they keep changing their designs in even less than one month.

- **Need:** 98% of the enterprises felt the need for betterment of design due to the changing trends in the market.

Table 13.34: Reasons for upgrading design	
Reason	% of enterprises
Competitors	0
Changing Trends	5.8
Market demand	98.1
Low sales	0
Other reasons (no need)	1.9

so themselves through a bit of market research and through the traders who buy the scissors from them. NIESBUD has extended support – they have completed the soft intervention in this cluster and through this they have provided training, workshops, seminars etc. for the same.

Table 13.31: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	100
Problems of R&M	0
Absence of Technical Know-how	21.2
Unavailability of domestic market	0
Unskilled labour	26.9
Resistance from labour	0
Other Reasons	0
Not answered	0

13.3.8 Design and Development

There is not much design involved in the manufacturing of scissors. The only design involved is in the value addition. With respect

Table 13.33: Upgradation of design	
Frequency of changing design	% of enterprises
0-6 months	55.8
6-12 months	15.4
12-18 months	9.6
18-24 months	1.9
> 24 months	15.4
Total	100

- **Problems:** More than 50% of the enterprises identified the reason for not upgrading the design as shortage of funds, whereas 96% of the enterprises said that they lack the design know how for upgrading the designs.
- **Support:** Majority of the enterprises that have upgraded their designs have done

13.3.9 Common Facilities

- **Water Supply:** According to almost 86% of the enterprises water supply is available in this cluster. However, people are not satisfied with the quality of the water supplied. They have stated that the water supplied is not clean.
- **Power Supply:** Power supply is available in the scissor cluster. However, almost 58% of the enterprises are dissatisfied with the power supply situation. The reason stated by them was irregular power outages and no fixed timings for the power cuts. They industry uses technology that requires power supply for its functioning. However, the irregular power supply leads to low productivity.

On further probing, it was found from the Power Supply department that the major problem was the shortage of supply. Another reason given by them was that the enterprises have got domestic connections whereas they use the supply for commercial purposes. This increases the shortage of power supply and is also a reason why the power cuts are more during the day time.

- **Telecommunication:** Since the privatisation of telecommunication the enterprises are satisfied with the service provided. The only problem that was brought out during the survey in this aspect was that the enterprises at times face a problem of unavailability of proper signal.
- **Connectivity:** 45 of the surveyed enterprises have complained about the poor road conditions. The remaining 7 have also highlighted the parking problems faced by them. During a visit paid to the cluster, it was noticed that the roads are extremely narrow (not more than 2 mts ROW), so much so that only two wheelers or rickshaws could enter these. These roads at certain places were under repair. The municipal corporation is responsible for the maintenance of these roads.
- **Truck Parking:** No common truck parking is present for these enterprises as per almost 90% of the enterprises. These enterprises feel the requirement of the same so as to avoid traffic congestion during the loading/ unloading time.
- **Other facilities:** Production centre, warehouses, first aid centres or canteens are also not present in this area. 96% of the enterprises feel the requirement for warehouses for storage of their raw material and finished goods.

More than 90% of the enterprises refused the presence of testing centres, design & training centres, R&D Centres or production centres. Despite NIESBUD's intervention in terms of technology and design workshops and training sessions held, majority of the enterprises have not acknowledged the intervention.

13.3.10 Marketing

Table 13.35: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	100
Wholesale Trader	53.8
Exporter	65.4
Industries	0
Govt. Authorities	0
Others	0

- **Market:** All the enterprises admitted their main consumer to be the retail customers. 53.8% also said that wholesalers were their major buyers whereas 65.4% sold their products to exporters. The exporters are mainly present in bigger cities like Moradabad, Delhi etc. These exporters do not export scissors in isolation, they combine it with cutlery or stationery.

Table 13.36: Modes of marketing	
Major means of marketing	% of enterprises
Word of mouth	98.1
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0

Table 13.37: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	50
Absence of Marketing know-how	98.1
Other reasons	1.9

- **Mode of marketing:** Almost 98% of the enterprises depend upon word of mouth for their marketing. Meerut has been very popular for scissors. Most of the enterprises do not feel the requirement of any other marketing modes.
- **Problems:** 50% of the enterprises are short of funds for marketing their products. 98% of the enterprises have stated unawareness of marketing and sales know how to be a major issue faced by them.

The scissors made in Meerut are exported to a number of countries. However, this is being done majorly from cities like Delhi. The enterprises need to be made aware of the market outside and given training or need some export houses within Meerut working solely for export of Scissors, so that the enterprises gain maximum from the profits made.

Also as per secondary research it has been inferred that the cluster has seen a decline in demand for scissors that are less than 10” – mainly used in the household industry.

13.3.11 Support Organisations

An industrial association is present which was made as the SPV when chosen for intervention under NIESBUD. This association is very active in terms of circulating various government circulars, orders etc. They are also well aware of the various enterprises and the problems faced by them.

Mo MSME has taken up the scissor cluster for intervention under MSE-CDP. NIESBUD is the implementing agency for this cluster. Under this Cluster Development Programme NIESBUD has already completed Soft Intervention in this cluster. As a part of Soft Intervention, NIESBUD had sanctioned ₹ 65 lakhs. In this stage of intervention they undertook a number of training programmes during which they trained the representatives from the enterprises under expert supervision, showed them how to use the new technology available. They also funded the participation of a few enterprises in the International Trade Fair held at Delhi in 2010.

13.3.12 Evaluation of Govt. Schemes

None of the enterprises were aware of any of the schemes that have been brought out by the government for their benefits. They are also resistant to these schemes and are of the opinion that the schemes are only theoretical and they are not user friendly. Their constant complains being no awareness was provided regarding these schemes.

13.3.13 SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> – NIESBUD has taken initiative and completed soft interventions in this cluster. – Presence of tier I industry in the surrounding villages in Meerut district. 	<p>Opportunities</p> <ul style="list-style-type: none"> – Market demand. – Meerut is already known for the scissors manufactured.
<p>Weaknesses</p> <ul style="list-style-type: none"> – Lack of power supply that leads to lesser productivity, thereby reducing profits. – The enterprises are unable to avail credit from the financial institutions. – The cluster is heavily dependent on traders both for raw material and sales, often leading to distress sales. 	<p>Threats</p> <ul style="list-style-type: none"> – The high rate of attrition amongst workers leads to only 8 months of productivity in all in this industry. – Even though NIESBUD has provided training on new technology available the enterprises are unable to apply them because of lack of funds.

13.4 Artificial Jewellery Cluster, Meerut

13.4.1 Cluster Fact Sheet:-

Meerut is famous for the manufacturing of Artificial Jewellery. This is found mainly in the Neel wali Gali, Sarafa Bazar locality near the Ghanta Ghar (Clock house) of Meerut. There are more than 2000 units of this sort in Meerut off which more than 1500 units are household enterprises and around 500 units are in the micro category.

This cluster has already been taken up for intervention by the Mo MSME under the MSE-CDP who has given the responsibility of implementation to NEISBUD. This cluster is at its diagnostic report stage.

Table 13.38: Artificial Jewellery Cluster- Fact sheet	
Cluster Type	Natural Cluster
Geographical Spread	Neel wali Gali, Sarafa Bazar; Ghanta Ghar, Meerut city.
Rural/Urban	Urban
Approx. No. of enterprises	>2000
Approx % of micro manufacturing enterprises	80%
Sample size	53
Nature of Manufacturing Activity	Manufacture of furniture and other n.e.c.; Manufacturing of Jewellery.



13.4.2 Annual Turnover

Table 13.39: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
3-4	32.7
4-5	56.4
5-6	10.9
Total	100

Over 55% of the units turnover between ₹ 4 to 5 Lakh. Roughly 30% have a turnover ranging from ₹ 3 to 4 Lakhs. Only about 10% have a turnover of above ₹ 5 Lakhs. As per the survey the average annual turnover per unit would be about ₹ 5.3 Lakh.

This goes with the figures given to us by the association. The association was of the opinion that an average turnover of ₹ 4 Lakhs can be considered per unit which would come up to about **₹ 8 Crores per annum**.

13.4.3 Location Preference

All 53 units surveyed have held responsible the availability of raw material for setting up their units at Meerut. Almost 78% of the units also have stated that availability of skilled was another locational advantage that they have apart from the proximity of the market (58%). Above 40% also have their residences in close proximity whereas almost 21% find the concentration of similar industries helpful.

- More than 80% of the units have rated the lighting conditions in their units very poorly – between 1 and 2. They are extremely dissatisfied with the poor power supply and the untimely power outages in this location.

Table 13.40: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	0
Connectivity	0
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	100
Proximity to market	58.2
Availability of skilled labour	78.2
Local tax incentives	0
Local wage levels	0
Close to residence	41.8
Cluster benefits	21.8
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

- Almost 80% of the units also face space constraints. They consider the space availability in their units to be lower than the standard requirement.
- Almost 90% of the units have rated the hygiene conditions as being very poor – having rated it between 1 and 3. They believe that periodic cleaning on the part of Municipal Body is lacking.
- Also almost 70% do not feel safe in their locality. Another reason for this could be the type of industry they are related to- they deal with precious and semi precious gems.

13.4.4 Manpower Availability

Most units (98%) employ from between 0 to 5 workers in the manufacturing process. The association reports an employment of almost 1.5 to 2 Lakh persons in this cluster – almost 30% being women. It states that the industry faces no complains regarding manpower.

- Skill:** As per all the enterprises surveyed skilled labour is easily available in the market. They do not face any major constraints due to this.

Table 13.41: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	98.2
6-10	1.8
11-15	0
>15	0
Total	100

- Problems:** To employ skilled labour or to upgrade skills of the workers 90% of the units face a problem of shortage of funds. No other major problem is being faced by this industry as per the primary survey.
- Support:** Almost 75% have pointed towards the government organisations to provide them with help for skill upgradation in workers.

13.4.5 Raw Material Availability

- Proximity:** All the units procure raw material from within Meerut itself – from various traders and dealers. While half of them buy the raw materials directly, half of them source it through agents.
- Costs:** Almost 98% of the units are troubled by the shooting prices with some (17%) also blaming the constantly fluctuating prices. The Association affirmed this with information that the cost has been increasing as gems are not as easily available today.

- **Support:** Almost 80% have said that they trusted the government to help them solve the problem of raw materials where 20% did not know whom to trust.

The association informed us that a government raw material bank would be of immense help to them.

13.4.6 Finance/ Credit Availability

Where almost 72% had not availed any credit facilities, almost 30% admitted to have borrowed from some source or the other. Out of these, 80% had taken loans from private money lenders whereas the remaining 20% had taken loans from banks or financial institutions. However the primary survey reveals that very few were aware of government.

Problems: When they were further questioned, the survey revealed that the units faced a number of problems in availing credit. While 63% faced the problems of having to pay high rates of interest, 67% were concerned about the eligibility criteria being very strict. 45% also blamed the lengthy process of availing credit while 30% were concerned about delayed sanctioning.

Table 13.42: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	63.6
Lengthy process	45.5
Untimely disbursement of funds	7.3
Unsuitable repayment schedules	1.8
Delay in sanction	1.8
Strict Eligibility Condition	30.9
Other problems (Commission)	67.3
No problems	3.6
* This was a multiple answer question, the total may add up to more than 100%	

The association on further probing informed us that banks do not give those loans under the SSI / MSME category because their industry is not recognised as manufacturing sector by the Government of India. Instead they themselves have now started dealing in gold - which in turn is disadvantageous to them.

13.4.7 Technology Upgradation

It was found that only 40% of the units felt the need for technology upgradation in their process of manufacturing. The rest 60% did not feel this requirement. The association also was of the outlook that the technology for the making artificial jewellery cannot change – the work is done by hand – machines can never replace it.

Table 13.43: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	38.2
Units who did not feel the need for upgradation	61.8
Total	100

- **Need:** Out of the people who did feel that technological improvement needs to be made, 65% felt so due to their competitors. 55% also believed that this could help in reducing the waste. 20% thought so, so as to cater to larger orders placed with them.
- **Problems in upgradation:** 90% did not support technology upgradation as they fall short of funds, whereas around 10% have not done so as they do not have skilled labour that

may be able to use the latest technology.

- **Support:** In this case more than 85% units trust the government to provide support technological support.

Table 13.45: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	65
Reduction in waste	55
Cost ineffectiveness	10
Quality Improvement	5
Large Orders	20
Pollution Control	5
Availability of Better Technology	5
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.44: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	90.9
Problems of R&M	3.6
Absence of Technical Know-how	1.8
Unavailability of domestic market	0
Unskilled labour	12.7
Resistance from labour	0
Other Reasons (Did not face problem)	7.3

13.4.8 Design and Development

Table 13.46: Upgradation of design	
Frequency of changing design	% of units
<1 months	78.9
1-3 months	5.5
3-5 months	1.8
5-7 months	10.9
> 7 months	3.6
Total	100

Around 80% of the units keep changing the design of their products every month or in less than month. This industry is a design based industry. They themselves change the design based on inputs from the internet, magazines, books, client preferences etc.

- **Need:** More than 95% of the units change their designs frequently based on the market trends and demand. They make their jewellery based on the orders placed by clients.
- **Problems:** Almost 40% of the units face a problem of shortage of funds whereas about 50% of them blamed the absence of design know-how.

Table 13.47: Need for upgrading design *	
Reason	% of units
Competitors	1.8
Changing Trends	3.6
Market demand	96.4
Low sales	0
Not required	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.48: Problems faced in upgrading design *	
Reason	% of units
Shortage of funds	41.8
Absence of design know-how	47.3
Resistance from labour	1.8
Other reasons	14.5
Not answered	12.5
* This was a multiple answer question, the total may add up to more than 100%	

13.4.9 Common Facilities

- **Water Supply:** More than 75% of the units have answered that water supply is available in their locality and is enough for them. Water is supplied intermittently twice a day as per regular standards. The level of satisfaction is equally distributed. Around 25% each have

marked it from not satisfactory to highly satisfactory. The major problem faced by these units with respect to water supply is the irregular supply of water.

- **Power Supply:** 100% of the units said that power supply from UPPCL is available to them. However more than 70% of the units were unhappy with the power supply conditions. They face major power cuts through out the day – where their industry need light as they have to do intricate work.

The association informs us that either an industrial feeder should be notified for their locality or there should be scheduled power cuts during the evenings – and continuous power supply during the day from 8 am to 8 pm.

- **Connectivity:** 87% of the units have complains against the road conditions – the regular maintenance of the roads is lacking. The association has informed us that they repair and maintain their roads privately as their main customers are females.
- **Other facilities:** Though NIESBUD is the implementing agency for this cluster no intervention has yet begun here. No common facilities are available.

13.4.10 Marketing

Table 13.49: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	89.1
Wholesale Trader	67.3
Exporter	16.4
Industries	0
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

The first point of sale for almost 98% of the units is within Meerut itself. The market for this product is all over India.

- **Market:** More than 89% of the units sell their products directly to retail consumers whereas 67% also sell their products to wholesale traders. Just above 15% of the units sell their products to exporters.

The association informs us that the market for this product is very high. These products are sold not only all over India but also in various countries like the Gulf, Singapore,

Holland, South Africa etc. The association also informed us that this jewellery is sold in black in Pakistan.

Table 13.50: Modes of marketing*	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.51: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	30.9
Absence of Marketing know-how	47.3
No problems	27.3
* This was a multiple answer question, the total may add up to more than 100%	

by word of mouth. They do not advertise or put up their products on exhibitions or melas.

- **Mode of marketing:** The only method of marketing used by the manufacturers is
- **Problems:** Almost 50% of the units have showed the problems faced by them to be absence of marketing know-how. Around 30% lack the funds to market their goods by any other means where as the others do not face any problem.

The association has pointed out that the units do not receive any support from the government. They should be promoted and encouraged to set up stalls at melas and exhibitions at state and national level.

13.4.11 Support Organisations

Associations and exporters are present within Meerut to support the manufacturers. The Neel Gali Bazar Vyapar Sangh is working towards the interventions by NIESBUD and has been made the SPV for their project. They keep a track of all the problems faced by the units and liaise with the departments to solve the complaints and fulfil the requirements.

13.4.12 Evaluation of Govt. Schemes

None of the units are aware of any of the schemes that are available to them. The association also informs us that the units are not eligible to take advantage of the MSME schemes as jewellery production is not considered as a manufacturing industry at national level. The DIC however refutes this information.


13.4.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – High Market Demand- National and International – They use the internet and the magazines for coming up with new designs. 	Opportunities <ul style="list-style-type: none"> – NIESBUD has taken up this cluster for intervention.
Weaknesses <ul style="list-style-type: none"> – Poor maintenance of roads – No marketing awareness. – Power cuts during the day time 	Threats <ul style="list-style-type: none"> – The government does not recognise artificial jewellery as a manufacturing industry. – Shortage of precious and semi precious gems – high costs for the same.

13.5 Jewellery Cluster, Dariba Kalan, District Central Delhi

13.5.1 Cluster Fact Sheet:-

Manufacturing of Jewellery articles is concentrated in Dariba Kala, Maliwara and Chel Puri area of old Delhi. This activity was developed in mid seventies when migrated workers of Bengal had started manufacturing Jewellery articles for the big shops.

Table 13.52: Jewellery Cluster - Fact sheet		
Natural/Artificial	Natural	
Geographical Spread	Daribakala, Chelpuri, Maliwara	
Rural/Urban	Urban	
Approx. No. of enterprises	300	
Approx % of micro manufacturing enterprises	100%	
Sample Size	53	
Nature of Manufacturing Activity	Manufacturing of jewellery items	

13.5.2 Annual Turnover

Table 13.53: Annual Turnover	
Annual Turnover (in Lakh Rs.)	Respondents (%)
1-2	69.8
2-3	22.6%
Not answered	7.5%

Out of the 53 micro enterprises surveyed, 70% of the units admitted to having an annual turnover of around between ₹ 1 Lakh and ₹ 2 Lakhs and more than 22% of the units have a turnover of between ₹ 2 and 3 Lakhs.

13.5.3 Location Preference

Nearness to the raw material was the one of the reason for selecting the location for their units. Other reason was availability of skilled labour, nearness to residence and Cluster benefits.

- 88% of the total units were satisfied with lighting conditions and majority of the units have no reservation for the power supply.
- 64% of the units have no problems with the space availability while discussion with local association revels that they require more space.
- 56% of the total industries had given average and below for the hygiene condition in the area while 30% fully satisfied with it. More than 50% of the units reported for bad cleanness.
- 74% of the total units were satisfied with the safety issues.

13.5.4 Manpower Availability

Availability of skilled man power is one of the concerns for this industry. Almost all the units are facing short of skilled man power.

- **Employee size:** 58% of the units have between 0-5 employees. 35.8% of the units are able to employ 6 -10 people on their payroll.
- **Problems:** 92% of the units are facing problems of availability of skilled employees in market. 56.6% of the units have no problems in availability of skilled employees/skill upgradation of employees

Table 13.54: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	58.5
6-10	35.8
11-15	5.7
>15	0
Total	100

- Majority of the units do not know to whom they have to trust to make available the best trained resources. 22% units has trust on government organisations and 19% for industrial associations has to train them.

13.5.5 Raw Material Availability

Gold, Silver and precious stones are the main raw material of the industry. This raw material is easily available in local market only.

- **Proximity:** More than 50% of the units get raw material within the vicinity of the area like Chandini Chowk and Dariba Kalan.
- **Procurement:** 66% of the units get their raw material from agents, while 32% are procuring directly.
- **Costs:** 77 % of the units are facing high cost of raw material procurement while 15% units are facing other problems.
- **Support:** majority of the units have no knowledge to whom they have to trust to help them in raw material procurement and 30% have trust on government organisations.

13.5.6 Finance/ Credit Availability

98% off the units did not avail any credit facilities.

Table 13.4: Credit facilities	
	% of units
Availed Credit Facilities	1.9
Not availed Credit Facilities	98.1
Total	100.0

- **Source:** only one unit had got credit from Government authority directly under scheme.

Table 13.5: Problems faced in availing credit	
Problem	% of units facing problem
High interest rate	26.4
Lengthy process	30.2
Untimely disbursement of funds	3.8
Unsuitable repayment schedules	0
Delay in sanction	17
Strict Eligibility Condition	0
Other problems	0
No problems	54.7

- **Problems:** More than 50% of the unit owners didn't have experience while 30% told about the lengthy process of paper work and 26% reported for high interest rate was the problem you face in availing credit/finance.
- **Working Capital Loans:** none of the units had availed working capital loans.

13.5.7 Technology Upgradation

Table 13.55: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	18.9
Units who did not feel the need for upgradation	81.1
Total	100.0%

- **Need:** 62% of the units felt the need for technology upgradation.
- **Problems in upgradation:** 64% of units are not able to upgrade their tools due to other reasons like.. while 32% facing short of funds
- **Support:** 41% have trust to local industrial associations to help them in upgrading the

technology while 30% did not know whom to trust in upgradation of technology

13.5.8 Design and Development

Almost 72% of the units used to change their design within 3 months. It is due to the market demand to attract the people.

- **Need:** market demand is the major cause for upgradation in design. Around

Table 13.56: Problems faced in upgradation	
Problems faced in upgradation	% of units
Shortage of funds	32.1
Problems of R&M	0
Absence of Technical Know-how	0
Unavailability of domestic market	3.8
Unskilled labour	0
Resistance from labour	0
Other Reasons	64.2

89% of the units are following this reason.

- **Support:** 93% off these units changed this design by themselves.

Table 13.57: Need for upgradation	
Reason for need	% of units
Competitors	40.0
Reduction in waste	70.0
Cost ineffectiveness	0
Quality Improvement	0
Large Orders	10.
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0

Table 13.58: Upgradation of design	
Frequency of changing design	% of units
0-3 months	71.70%
3-6 months	28.30%
6-9 months	0%
9-12 months	0%
> 12 months	0%
Total	100.00%

Table 13.59: Reasons for upgrading design	
Reason	% of units
Competitors	62.3%
Changing Trends	17.0%
Market demand	88.7%
Low sales	.0%
Other reasons	.0%

Table 13.60: Problems faced in upgrading design	
Problems	% of units
Shortage of funds	48.1%
Absence of Design know-how	30.8%
Resistance from labour	1.9%
Other reasons	23.1%
Total	100%

13.5.9 Common Facilities

- **Water Supply:** Water is being supplied to these units by the Delhi Jal Board. Availability of water is not a major issue for the industry.
- **Power Supply:** no major complain has been received regarding power supply. Enterprises has complaint about the nature of connection. Conflicts have been occurring for this issue. As workers are residing in the same working premises so

their demand is to have a domestic connection.

- **Truck Parking:** The existing parking is now not able to accommodate the entire vehicles moving in inside the area. Trucks and small carriers has been parked along the road side.
- **Other facilities:** There is lack of training facility & exhibition centre in the area.

13.5.10 Marketing

- **Market:** Maximum units are sealing their products in NCR. Also there are some retail units inside the area so they used to sale to them.

Table 13.61: Major consumers	
Major Consumer	Respondents (%)
Retail consumers	18.9
Wholesale trader	84.9
Exporter	0
Industries	0
Govt. Authorities	0
Total	100

Table 13.62: Modes of marketing	
Major means of marketing	% of units
Word of mouth	100.0%
Exhibitions/ Melas	.0%
Association directory	.0%
Advertisements	.0%
E-Commerce	.0%

- **Consumers:** 73% of the units sale to retail consumers while 55% sale to wholesalers.

Table 13.63: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	28.8%
Absence of Marketing know-how	9.6%
Other reasons	67.3%
Total	100%

- **Mode of marketing:** All of them depend upon the word of mouth for marketing their products.

13.5.11 Support Organisations

There is no support organisation for the development of the industry. The local association is not strong enough who can raise the problems and other concerns of the units.

13.5.12 Evaluation of Govt. Schemes

There is no knowledge and awareness about the govt. schemes. They have shown their interest in the govt. schemes and they are ready to take it.

13.5.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Nearness to the large market like Delhi – Availability of skilled man power 	Opportunities <ul style="list-style-type: none"> – Jewellery ornaments are very popular in Indians
Weaknesses <ul style="list-style-type: none"> – Working space is less and unhygienic – High cost of raw materials 	Threats <ul style="list-style-type: none"> – Facing tough competition from big brands – New generation is not interested in this activity

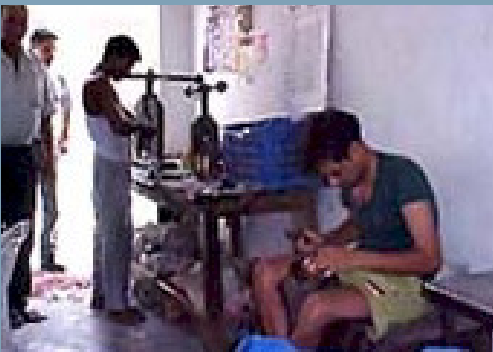
13.6 Sports Goods Cluster, Meerut

13.6.1 Cluster Fact Sheet:-

The Sports Goods Cluster in Meerut is an industrial cluster producing bats and leather balls, badminton rackets, hockey sticks, and various other sports goods. The Sports Goods Manufacturing activity is found in and around 5 villages and 5 localities of Meerut city. Within Meerut City, these enterprises are concentrated in the Sports Goods Complex, Victoria Park and the Surajkund Road sports colony.

This cluster comprises of a number of small and medium enterprises and a larger number of micro and household enterprises. As per discussions with the association, there are more than 10000 household enterprises, out of which hardly 500 would be registered. These are involved in production of sports goods and allied products. However, secondary research says 'Out of the existing 3500 micro and small units approximately 2000 units are authorized and 1500 are unauthorized.'

This industry has **been declared as a cluster under the MoMSME** and was to be taken up for intervention, however was deferred after the diagnostic study due to certain differences with the enterprises. However, UNIDO has already taken up this cluster for intervention.

Table 13.64: Readymade Garments Cluster- Fact sheet		
Cluster Type	Natural	
Geographical Spread	Sports Goods Complex, Victoria Park and the Surajkund Road sports colony; Meerut.	
Rural/Urban	Urban	
Approx. No. of enterprises	>10000	
Approx % of micro manufacturing enterprises	90%	
Sample Size	73	
Nature of Manufacturing Activity	Mfg. of furniture and other n.e.c., (NIC Code -36)	

13.6.2 Annual Turnover

Table 13.65: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-5	58.9
5-10	23.3
>10	17.8
Total	100

Almost 60% of the enterprises have admitted to having an annual turnover ranging between ₹ 1 to 5 Lakhs, while about 25% have stated that they have a turnover from ₹ 5 to 10 Lakhs.

The estimated average annual turnover for this cluster is around ₹ 12.5 Lakhs.

However, as per the secondary research the sports goods cluster produces goods worth Rs. 400 crores. The report also states that the cluster is growing at a rate of 8 percent annually for the last few years. Meerut sports goods industry contributes almost 25 percent of India's sports goods export.

13.6.3 Location Preference

Table 13.66: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	24.7
Availability of physical infrastructure	1.4
Connectivity	11
Availability of industrial infrastructure	0
Availability of ancillary enterprises	1.4
Availability of raw material	71.2
Proximity to market	21.9
Availability of skilled labour	63
Local tax incentives	1.4
Local wage levels	13.7
Close to residence	61.6
Cluster benefits	38.4
Easy availability of credit	1.4
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

Availability of raw material was felt as a locational advantage by more than 70% of the enterprises, while above 60% of the enterprises have preferred to set up their enterprise close to their residence and due to the availability of skilled labour. Around 40% of the enterprises prefer this location due to the available cluster benefits. Greater than 20% of the enterprises have also pointed out to the availability of industrial sheds and proximity to the market are other advantages this location has.

From this survey, we can conclude that availability of raw material, availability of skilled labour and cluster benefits are the prime three reasons for the growth of the cluster at this location.

- Most of the enterprises are satisfied with the lighting conditions in their work place. Though they have complained of lack of power supply, their units are well lit during the day.
- More than 70% were satisfied with the space conditions in their enterprise. They seem to feel that though they could have some more space, they have enough space as required for the process.
- More than 75% of the enterprises are moderately to highly satisfied with the hygiene conditions in the industrial area. This was vetted during the visit to this cluster. This locality was generally well maintained. There was not any major hygiene related issues that came out obviously in this area.
- More than 70% of the enterprises were highly satisfied with the safety conditions in this location. They did not face any safety hazards in this area.

13.6.4 Manpower Availability

Around 40% of the enterprises each have employed between 1 to 5 and 6 to 10 workers in their enterprise, and around 10% have employed above 11 workers.

Table 13.67: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	39.7
6-10	39.7
11-15	6.8
>15	13.7
Total	100

From secondary research it has been found that the sports goods cluster employs more than 15000-16000 persons in the process.

Also almost 70% of the enterprises have stated that skilled employees are available in the market.

- **Problems:** More than 50% of the enterprises face a shortage of funds in availing skill upgradation or skilled workers. More than 15% of the enterprises face a high rate of attrition amongst the skilled workers and also feel the lack of practical training in the institutes in the vicinity.
- **Support:** While about 55% of the enterprises trust the government organisations to make the best trained resources available to them, about 40% did not know whom to trust for making this available.

13.6.5 Raw Material Availability

- **Proximity:** While 85% of the enterprises have stated that they procure the required material from Meerut. The rest also get their material from other parts of Delhi and NCR. While more than 60% of the enterprises procure material from agents, 25% admit to procuring material directly. About 205 also get material from the bulk suppliers.
- **Costs:** Greater than 85% of the enterprises have stated that raw material has become expensive in the present times; while greater than 30% have also felt fluctuating costs are an issue. A few have also admitted that they face high transportation costs and lack of proper space for storage of raw material.

During the visit to this cluster, this was noticed at some places, where the enterprises had stored their material outside the premise. The association also pointed out to the taxes and duties that the enterprises had to pay in procuring material and sending finished goods out of Uttar Pradesh, even within NCR boundaries. They informed us that though sports goods had been given sales tax exemptions by the state, they were unable to prosper because, this was invalid outside UP.

13.6.6 Finance/ Credit Availability

Table 13.5: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	44.4
Lengthy process	75.9
Untimely disbursement of funds	3.7
Unsuitable repayment schedules	0
Delay in sanction	20.4
Strict Eligibility Condition	59.3
Other problems (Commission)	0
No problems	0
Not answered	0
* This was a multiple answer question, the total may add up to more than 100%	

More than 80% of the enterprises have refused to have taken any loans or borrowed money. Out of the few who had admitted to taking loans, more than 40% had taken loans from private money lenders. The remaining had taken loans from financial institutions under various government schemes. Very few have also admitted to taking working capital loans.

Problems: While almost 55% have said that they have to pay high rates of interest which proves as an obstruction to availing credit, about 30% have also blames the lengthy processing time. Few have stated that the delayed sanctioning of loans often render them useless.

While the association has reasoned this out by saying that the banks are wary of giving loans without collateral security even though RBI has passed an order to give loans upto 10 lakhs without collateral for the MSME sector. The banks are guarded while giving loans because the general attitude of the entrepreneurs is that the government sanctioned loans need not be repaid.

13.6.7 Technology Up-gradation

Table 13.68: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	43.8
Enterprises who did not feel the need for upgradation	56.2
Total	100

- **Need:** While more than 55% say they do not feel the requirement for technology up gradation. About 50% say that they feel the requirement for upgradation of technology in order to reduce the waste produced, while greater than 30% have also pointed to increasing competition and need for improvement in the quality of the products as reasons for requirement of technological upgradation.

The association also points out that the enterprises keep upgrading their technology as per requirement and availability of funds. They get assistance from the process cum product development centre.

Table 13.69: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	37.5
Reduction in waste	53.1
Cost ineffectiveness	15.6
Quality Improvement	31.3
Large Orders	15.6
Pollution Control	3.1
Availability of Better Technology	9.4
Other Reasons	6.3
* This was a multiple answer question, the total may add up to more than 100%	

- **Problems in up-gradation:** More than 85% have stated that they are unable to upgrade the technology as frequently as they would like because of shortage of funds, while more than 155 have also said that they lack technical know-how and absence of skilled labour who can operate the new technology.

Secondary research however has brought forward that the cluster mostly uses manual manufacturing processes, while globally most sports items are

manufactured mechanically. 80% of the enterprises use manual manufacturing processes while only about 20% used mechanised processes.

13.6.8 Design and Development

Table 13.71: Upgradation of design	
Frequency of changing design	% of enterprises
0-6 months	58.9
6-12 months	24.7
> 12 months	5.4
Total	100

Table 13.70: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	84.9
Problems of R&M	2.7
Absence of Technical Know-how	16.4
Unavailability of domestic market	1.4
Unskilled labour	16.4
Resistance from labour	0
Other Reasons (Did not face problem)	4.1

admitted that they change their designs as frequently as less than 6 months. Almost 90% have said that they use a design for maximum one year. While more than 50% of the enterprises change this design by self initiative, some also do it based on the purchasers order or with help from private institutions.

Though the basic design/ structure of the sports goods will never change the value addition to the products keep changing frequently. Almost 60% of the enterprises have

- **Need:** Where greater than 55% of the enterprises feel the requirement for better designs due to the changing market demand, about 20% have also given credit to the increasing competition and changing trends.
- **Problems:** The primary survey has brought out that the prime problems faced by the enterprises in frequently changing the designs are shortage of funds and absence of design know-how.

However, discussions with the association, DIC and the secondary research have brought forward the presence of the process cum product development centre initiated by UNIDO which provides the required assistance in developing newer designs and upgrading technology.

The Process-Cum-Product Development Centre, Meerut, meets the technical needs of sports goods industry throughout the country in collaboration with UNDP and Govt. of U.P. The Centre aims to upgrade technology in the sports goods industry through induction of new technology, new products and improved designs.

Table 13.72: Need for upgrading design *	
Reason	% of enterprises
Competitors	13.9
Changing Trends	26.4
Market demand	56.9
Low sales	1.4
Not required	38.9
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.73: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	35.6
Absence of design know-how	23.3
Resistance from labour	2.7
No problems	47.9
* This was a multiple answer question, the total may add up to more than 100%	

13.6.9 Common Facilities

- **Water Supply:** According to almost 95% of the enterprises water supply is available in this cluster. Everybody seems to be satisfied with the supply too. However the association informs us that the supply that these enterprises get is only for domestic purpose. For industrial purposes, these enterprises have made arrangements for private tube wells. The water supply from the government sources is also irregular due to irregular power supply.
- **Power Supply:** While almost all the enterprises have said that power supply is available in the sports goods cluster, not many are satisfied with the supply conditions.

On further probing, it was found from the Power Supply Department that the major problem was the shortage of supply. The sports goods cluster has an industrial feeder, however the connections to this cluster is only to the SME sector. The micro and household enterprises however has a domestic connection only.

- **Telecommunication:** Since the privatisation of telecommunication the enterprises are satisfied with the service provided. The only problem that was brought out during the survey in this aspect was that the enterprises at times face a problem of unavailability of proper signal.
- **Connectivity:** More than 70% of the enterprises have stated that they had no issues with the roads within the cluster. During the visit to this cluster, this fact was vetted.

- **Truck Parking & warehouses:** Common truck parking is not present for these enterprises as per almost 75% of the enterprises. The parking present is private for a few enterprises. These enterprises feel the requirement of the same so as to avoid traffic congestion during the loading/ unloading time. Warehouses are present for some bigger enterprises.
- **Other facilities:** A process cum product development centre is present in Meerut which acts as a training centre for technological and design upgradation. The Center aims to upgrade technology in the sports goods industry through induction of new technology, new products and improved designs.

13.6.10 Marketing

The first point of sale for all of the enterprises is within Meerut itself. After Meerut, the enterprises next sell their products within Delhi and NCR. The secondary research has

Table 13.74: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	95.9
Exhibitions/ Melas	1.4
Association directory	1.4
Advertisements	5.5
E-Commerce	1.4
Other	4.1
* This was a multiple answer question, the total may add up to more than 100%	

brought forward that About 60% total production is being exported to Australia, South Africa, England, America, West-Indies, New Zealand, Zimbabwe, Bangladesh etc., through middle men and the remaining products are sold in the domestic market across India. More than 60% of the products are sold to wholesale traders and to retailers too.

- **Mode of marketing:** More than 95% of the enterprises use the word of mouth for marketing their products, while a few also

advertise their products, exhibit their products and use the association directory.

Problems: While more than 405 of the enterprises face a problem of absence of marketing know-how, while about 35% face a shortage of funds for marketing their products.

Table 13.75: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	37.5
Absence of Marketing know-how	40.3
No problems	29.2

The association has informed us that this cluster is facing competition from the sports goods manufacturers in China and Pakistan due to the better & more mechanised technology used by these rather than the sports goods manufacturing in Meerut.

13.6.11 Support Organisations

The **Process cum Product Development Centre** in Meerut is an autonomous organisation under Mo MSME, situated in the Sports Goods Complex in Meerut. The basic role of this office is to provide R&D support to the Sports Goods industry and implement of central schemes and to conduct training programme in coordination with the state government. New designs are being developed and supplied on nominal rates to the industry. It is trying to develop new technologies and upgrade the existing level of technology.

The **All India Sports Goods Manufacturers Federation** is an organisation serving and representing the Sports Goods Industry since 1950. It supplies the information, technology and technical training to the Industry. This organization is an important body working for the welfare of the cluster. It also arranges the raw material for the Industry. Apart from the

supply of the raw material, training cum workshops on the technical and managerial issues related to the Sports Goods industry is organized for effective linkages. Head Quarter of AISGMF is at Sports Goods Complex in Meerut and most of the people in the cluster know about the organization.

The **Export Promotion Bureau** is helping the Sports Goods Industry in many ways as most of the production of Sports Goods Industry is being exported to many countries. It helps the small manufacturers to collect their product in one platform or the other so that they could export their product to other countries on low prices.

13.6.12 Evaluation of Govt. Schemes

Few enterprises are aware of the various schemes by various government departments for the benefits of the MSME sector.

13.6.13 SWOT Analysis

Strengths <ul style="list-style-type: none">– Presence of a process cum product development centre.– Availability of skilled labour.	Opportunities <ul style="list-style-type: none">– Strong export market.
Weaknesses <ul style="list-style-type: none">– The firms use manual manufacturing processes, while most sports items are manufactured mechanically.– Finance is not easily available to these enterprises.– Power supply is irregular and outages are frequent.– Lack of storage space for raw material and increasing costs of procurement.	Threats <ul style="list-style-type: none">– The cluster is facing immense competition from mechanized units manufacturing similar products.– The enterprises face a major competition from Pakistan and China.– Tax and duties for procuring material from other parts of NCR.

13.7 Mixed Cluster, East Delhi

13.7.1 Cluster Fact Sheet:-

Karawal Nagar is a census town in the North East district of NCT of Delhi. For the purpose of this study we have considered North East and East districts of Delhi to be a part of the East district. Karawal Nagar has recently been declared as an industrial area in the Master Plan of Delhi 2021. In this cluster almost everything is manufactured – from plastic products to electrical machinery and tools to mechanical parts.

This industry has **not been declared as a cluster under the Mo MSME**, though it is eligible to be declared as a cluster as per the MSME definition.

Table 13.76: Packaging Cluster- Fact sheet	
Cluster Type	Natural
Geographical Spread	Karawal Nagar, East Delhi District
Rural/Urban	Urban
Approx. No. of enterprises	>50
Approx % of micro manufacturing enterprises	100%
Sample size	53
Nature of Manufacturing Activity	Mfg. of plastic products, electrical engineering equipment, mechanical engineering equipment etc.

13.7.2 Annual Turnover

Table 13.77: Annual Turnover	
Annual Turnover (in Lakh ₹)	Respondents (%)
1-3	11.3
3-5	47.2
5-7	35.8
7-9	5.7
Total	100

More than 45% of the manufacturing enterprises in Karawal Nagar have an annual turnover in the range of ₹ 3 to 5 Lakhs. More than 35% of the enterprises have an annual turnover between ₹ 5 and 7 Lakhs.

The average annual turnover per unit in this cluster is approximately ₹ 5.2 Lakhs.

13.7.3 Location Preference

The primary survey has revealed that greater than 45% of the enterprises have chosen this location because of its closeness to their residence and due to the availability of raw material. Also more than 50% have said that this location has an advantage of availability of skilled labour. More than 35% have also pointed out to advantages of connectivity and availability of physical infrastructure in this location.

- More than 85% of the enterprises were satisfied with the lighting conditions in their enterprises, while about 10% were moderately satisfied. 90% of these have said that they are very much satisfied with the electricity supplied to them.

Table 13.78: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	35.8
Availability of physical infrastructure	37.7
Connectivity	39.6
Availability of industrial infrastructure	0
Availability of ancillary enterprises	0
Availability of raw material	45.3
Proximity to market	34
Availability of skilled labour	50.9
Local tax incentives	0
Local wage levels	1.9
Close to residence	45.3
Cluster benefits	11.3
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	

their workers, about 20% have also complained about the high rate of attrition. The workers keep on drifting from unit to unit based on the wages they get and the work.

- As per the space requirement, we have received mixed responses for this question. Where about 40% have rated it 2, 40% have also rated it as Around 70% of the enterprises were highly satisfied with the space in their enterprises, while about 20% were moderately satisfied.
- Almost 45% of the enterprises have rated the hygiene conditions in and around their enterprises moderately. They consider the periodic cleaning should be taken up by MCD.

13.7.4 Manpower Availability

Almost 80% of the enterprises employ from 1 to 5 workers in their enterprise. About 15% have from 6 to 10 workers working for them. More than half the enterprises have said that there is a lack of skilled labour in the market.

- **Problems:** While more than 40% face financial problems in employing skilled labour or undertaking skill upgradation for

Table 13.79: Total employees	
Employees on Payroll (In Nos)	Respondents (%)
0-5	79.2
6-10	15.1
11-15	3.8
>15	1.9
Total	100

13.7.5 Raw Material Availability

buying their raw material from the Bulk Suppliers, more than 35% get the material directly. About 10% get their material from agents.

- **Proximity:** All the 53 enterprises procure their raw material from within Delhi itself. The raw material required by these enterprises depends upon the activity. About 30% have admitted to getting their material from within Karawal Nagar itself.
- **Source:** While greater than 50% admit to
- **Costs:** About 35% of the enterprises were worried by the high cost of raw materials while about 70% were troubled by the high cost of transporting the raw materials. A few have also indicted that the taxes and duties to be paid was another problem faced by them in raw material procurement.
- **Support:** More than 65% have said that they trust the government organisations to help them in procuring raw materials at a cheaper price. About 10% have also stated that they trust the local industrial association to help procure raw material. About 20% have said that they do not know whom to trust in this aspect.

13.7.6 Finance/ Credit Availability

Table 13.80: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	35.8
Lengthy process	43.4
Untimely disbursement of funds	7.5
Unsuitable repayment schedule	15.1
Delay in sanction	35.8
Strict Eligibility Condition	28.3
Other problems	5.7
No problems	20.8
* This was a multiple answer question, the total may add up to more than 100%	

Almost 92% of the enterprises had not availed any credit facilities.

Problems: Where almost 45% blamed the lengthy process of availing loan for not doing so, about 35% also had complains regarding time taken in sanctioning loans and the high interest charged by the banks. About 30% have also stated that the strict eligibility conditions are a major problem faced by them.

The association informs us that the banks are cautious about giving them loans as these enterprises do not awareness about clean book keeping and accounting. Also most of their projects are not viable and have not security to give the banks.

13.7.7 Technology Upgradation

- **Need:** Where almost 60% have mentioned that they felt there is a requirement for them to upgrade their technology the remaining 40% have not responded positively. More than 70% have felt this need due to the competition being faced by them, while about 21% have said that they feel this need due to the availability of better technology.

Table 13.81: Need for technology upgradation	
	% of enterprises
Enterprises who felt the need for technology upgradation	60.4
Enterprises who did not feel the need for upgradation	39.6
Total	100

- **Problems in upgradation:** Almost 97% of the enterprises had not upgraded the technology due to shortage of funds. Where more than 6% of the enterprises also blamed the absence of technical know-how for not upgrading technology, a few also said they had not upgraded technology due to lack of skilled labour who know how to use the latest technology.

The association informs us that these enterprises are unable to capture bigger markets due to the old technology that they are using.

Table 13.83: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	68.6
Reduction in waste	6.3
Cost ineffectiveness	3.1
Quality Improvement	3.1
Large Orders	18.8
Pollution Control	3.1
Availability of Better Technology	21.9
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.82: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	86.8
Problems of R&M	0
Absence of Technical Know-how	11.3
Unavailability of domestic market	1.9
Unskilled labour	0
Resistance from labour	0
Other Reasons (Did not face problem)	15.1

13.7.8 Design and Development

Greater than 90% of the enterprises have stated that they change their designs within a span of 6 months. The designs of the products depend on the orders and samples given to these enterprises by traders.

- **Need:** More than 90% have accredited the need for change in design to the changing market demands. About 45% have also said

Table 13.85: Problems faced in upgrading design *	
Reason	% of enterprises
Shortage of funds	71.7
Absence of design know-how	1.9
Resistance from labour	1.9
No problems	24.5
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.86: Need for upgrading design *	
Reason	% of enterprises
Competitors	20.8
Changing Trends	11.3
Market demand	77.4
Low sales	0
Not required	17
* This was a multiple answer question, the total may add up to more than 100%	

innumerable pot holes and water logging has been commonly noticed at various places along the roads. Also at a number of places solid waste has been accumulated which have not been cleared by the concerned department of MCD.

The association informs us that the condition of the roads is so poor due to the political problems faced by this locality. The improvement in this area by any one party was always opposed by the other. This led to lack of maintenance in this area for over 10 years. Since the declaration of this area as industrial, the enterprises are now expecting the situation to change. The association has suggested that the most required interventions for this area is to have a well connecting highway and fire fighting services here. These apart the association recommends a training centre and parking for trucks.

13.7.10 Marketing

All the 53 units surveyed have stated that their first point of sale is either Delhi or NOIDA. About 20% sell their products within Karawal Nagar itself whereas more than 10% sold these

Table 13.84: Upgradation of design

Frequency of changing design	% of enterprises
0-6 months	92.5
6-12 months	7.5
Total	100

they change their designs as per the competition faced by them.

- **Problems:** More than 70% of the enterprises face a shortage of funds in upgrading their designs.

13.7.9 Common Facilities

- **Water Supply:** While 100% of the enterprises have said that water supply is available to them, only about 70% have indicated that water supply is essential to them for industrial purposes. About 70% have also mentioned to us that they are fairly satisfied with the water supply in this locality.
- **Power Supply:** The enterprises are satisfied with the power supply conditions in this cluster since the privatisation of power supply.
- **Connectivity:** The roads connecting to this cluster are in a very poor shape. There are

products at sadar Bazar. The other markets for sale identified by these units are Anand Parbat, Kashmiri Gate, Shahadra, Chandni Chowk, Chawri Bazar etc.

Table 13.87: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	22.0
Wholesale Trader	65.9
Exporter	12.2
Industries	26.8
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	
Table 13.88: Modes of marketing*	
Major means of marketing	% of enterprises
Word of mouth	100.0
Exhibitions/ Melas	0
Association directory	0
Advertisements	1.9
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

■ **Market:** While more than 75% of the enterprises sell their products to wholesale traders about 30% have also admitted to selling products to retail traders.

■ These enterprises are generally involved in job work for various traders who place orders with them and they manufacture these goods for the traders. They are paid on per piece basis.

■ **Mode of marketing:** while a very few

Table 13.89: Problems faced in marketing	
Problems faced in marketing	% of enterprises
Shortage of funds	9.4
Absence of Marketing know-how	3.8
No problems	86.8

advertise their products, almost all the other enterprises are dependent on the spreading of word about their enterprise. They are majorly dependent on the goodwill that they generate.

Greater than 85% of the enterprises do not find any problem with their marketing techniques and are quite satisfied though they do not use any marketing technique. This shows the level of ignorance and unawareness in this cluster.

The association has also informed us that the enterprises generally capture the market in the neighbourhood only. They are not aware of and are not interested in capturing bigger markets.

13.7.11 Support Organisations

The North East Industrial Welfare Society, Karawal Nagar was formed in 1991 for the welfare of the industries/ enterprises. This association with the help of Delhi government and other authorised agencies rallied against the motion of closing down unregistered factories in December 2005.

With the efforts of this association Karawal Nagar was also declared as an industrial area in the Master Plan 2021. 50% of the enterprises have confirmed to us that this association helps them in registering complaints and a number of times also suggests solutions to overcome these problems. Greater than 40% of the enterprises have also stated that the association provides them with support in improving the business environment.

There are no exporters or other support agencies in this cluster like technical institutions or NGOs etc working for their welfare.

13.7.12 Evaluation of Govt. Schemes

Few enterprises are aware of some of the government schemes for the benefits of the MSME sector. The schemes that the enterprises showed awareness about were the Baba Saheb Ambedkar Hastship Vikas Yojana; Prime Minister's Employment Generation Programme and SFURTI. These units had however not taken any support under these schemes. It can thus be inferred that though a number of the entrepreneurs are aware of the government scheme they are not interested in taking any benefit. They assume that they need a registration for this purpose and are wary of the tedious and long procedures. They are small enterprises are more concerned with earning their daily bread than wasting time on these formalities.

13.7.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Increase in the tier II industry has increased market demand. – Availability of power supply as per the requirement. 	Opportunities <ul style="list-style-type: none"> – Being near NOIDA which is a major industrial hub, these can capture the tier II industries here easily. – Strong and ambitious industrial association – helpful in terms of government liaisoning and problem solving.
Weaknesses <ul style="list-style-type: none"> – Extremely poor roads. – Solid waste not managed – accumulated on the roads. – Parking for trucks and warehousing facility is unavailable in this area. – Old technology being used – the enterprises do not have funds to buy their own machines – they rent it. 	Threats <ul style="list-style-type: none"> – The enterprises are able to capture the market only in their vicinity. They are unaware of other markets available. – No fire fighting services are available in this area. – Unavailability of loans on the basis of non viability of projects. – The units are not aware of the advantages of clean accounting systems.

13.8 Mixed Cluster, Mewat

13.8.1 Cluster Fact Sheet:-

The Mewat district got separated from Gurgaon district in the recent past. There are no prominent identified clusters in the region focused on any single product. These clusters are largely focused on machinery and parts related to auto components.

The cluster comprises dependent and independent machinery & parts manufacturing units. The industry is majorly located in Nuhu and Mewat along Nuhu - Alwar road and Sohna – Nuhu road.

Table 13.90: Mixed Cluster- Fact sheet	
Cluster Type	Natural Cluster
Geographical Spread	Nuhu, Mewat
Rural/Urban	Urban
Approx. No. of enterprises	-
Approx % of micro manufacturing enterprises	-
Sample size	13
Nature of Manufacturing Activity	Machinery & parts

13.8.2 Annual Turnover

Table 13.91: Annual Turnover	
Annual Turnover (in ₹ Lakh)	Respondents (%)
2-3	15
3-4	31
4-5	31
5-6	15
6-7	8
Total	100

About 31% of the units have a turnover in the range of ₹ 3-5 Lakhs. 15% have their turnover between ₹ 2-3 Lakhs and ₹ 5-6 Lakhs while 8% have an annual turnover in the range of ₹ 6-7 Lakhs. The average turnover per unit is around ₹ 4.5 Lakhs.

Secondary study and discussions with the association has helped infer that the annual turnover from the existing enterprises

amounts to about 3.15 Crores.

13.8.3 Location Preference

The clusters are broadly located on major highways and major district roads. This indicates a relatively good connectivity but the condition of the roads are not so good. Also, as the district administration has recently come into existence, the basic infrastructure facilities are under development. The availability of skilled labour (80%) and close proximity to market (90%) plays a crucial role in the location preference of the clusters. Besides these, other

factors such as local wage levels (10%) and nearness to residence (20%) adds to the existing location preference of these clusters.

- Almost 92% of the surveyed units have rated the lighting conditions in their work place as 2 (on a scale of 1 to 5). The workers are not satisfied with the lighting conditions in their units. They are not completely satisfied because in spite of having an industrial feeder, power cuts are faced on a daily basis.

Table 13.92: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	0
Connectivity	50
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	50
Proximity to market	90
Availability of skilled labour	80
Local tax incentives	0
Local wage levels	10
Close to residence	20
Cluster benefits	0
Easy availability of credit	0
Any other	0

Table 13.93: Total employees	
Employees on Payroll (In Nos.)	Respondents (%)
0-5	92
6-10	0
11-15	8
>15	0
Total	100

observed that around 62% of the manufacturing units have minimum 2 skilled workers in out of 5 workers.

- **Problems:** It is observed from the primary survey, that about 69% of the manufacturing units face problems in availing skilled labour from the market. About 77% of the manufacturing units face a problem of fund shortage in employing skilled workers or upgrading the skills of their workers.
- **Support:** More than 92% of the units trust the government organisations in providing trained resources and skill upgradation- this could be an outcome of the intervention.

- Almost 69% of the surveyed units have rated the space availability in their working place in a range of 3 to 5 (on a scale of 1 to 5).
- Also, majority of the units (69%) are not satisfied with the hygiene conditions in their working place and have rated the hygiene conditions as 2 (on a scale of 1 to 5).
- Timely cleaning of the manufacturing units and its vicinity is an issue.
- More than 68% of units rate the clusters highly vulnerable in terms of Safety issues and have rated the working place safety in a range of 1 to 2 (on a scale of 1 to 5).

13.8.4 Manpower Availability

Most units employ workers in a range of 0-5 workers/unit in the manufacturing process. More than 92% of the units employ in the range of 0-5 workers. Besides this, only 8% units have employed 11-15 workers in their manufacturing facilities. The number of workers keeps varying on the basis of the size of the unit and the amount of work they have at a particular time and also their wage levels.

- **Skill:** From the primary survey, it is

13.8.5 Raw Material Availability

- **Proximity:** The primary source of raw material availability is from Mewat only. More than 92% of the manufacturing units procure their raw material from local market. About 69% of these units directly procure raw materials from the market whereas about 31% procure from agents.
- **Costs:** Almost 100% of the units face the problem of high cost of raw material- this could be because they procure it local markets and in certain cases agents. This brings in cost escalation of the raw materials.
- **Support:** About 85% of the units trust government organisations for support in raw material procurement whereas about 8% trust industrial federation and others are uncertain to trust any of these authorities.

13.8.6 Finance/ Credit Availability

Table 13.5: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	92
Lengthy process	15
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	15
Strict Eligibility Condition	0
Other problems (Commission/ Corrupt Officers/ address proof)	0
No problems	0
* This was a multiple answer question, the total may add up to more than 100%	

It is observed from the primary survey that almost 92% of the units had not availed any loan facilities. Only single unit (approximately 8%) admitted to availing credit facility. All these units had done so through banks.

- **Problems:** About 92% of the surveyed micro (manufacturing) units voted High Interest Rate as one of the major problem in availing credit/finance. Also, around 15% units stated the Lengthy Process as another problem followed by Delayed Sanction of Loans. Their grievance was that the loans are sanctioned much after the time of requirement.

13.8.7 Technology Upgradation

From the primary survey, it is observed that a majority of micro (manufacturing) units did not felt the need for technology upgradation. This is probably due to the reason that the district's administration is recently formulated and is still in development stage. Also, another reason could be that the micro enterprises do not want to take risks since the administration is not fully developed and innovative technology upgradations need good administrative support.

Table 13.95: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	23
Units who did not feel the need for upgradation	77
Total	100

Table 13.94: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	100
Problems of R&M	0
Absence of Technical Know-how	0
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons (Did not face problem)	0

- **Need:** It is observed from the primary survey that about 67% of the micro (manufacturing) units felt the need for upgrading the technology in order to compete with other enterprises and keep with the market. Almost 33% of the units felt the need to upgrade in order to reduce the waste production. Still, considerable share of units neglect the need to upgrade in order to have good support from the administrations.
- **Problems in upgradation:** It is observed from the primary survey that all (100% of surveyed units) the units stated that Shortage of Funds for machinery upgradation is the key problem in technology upgradation.
- **Support:** It is revealed from the primary survey that almost 77% units trust the government organizations to provide technical support (in terms of awareness, funds or subsidies, training etc.) in upgrading the technology. About 23% of the surveyed units are uncertain about seeking for technical support for technology upgradation.

13.8.8 Design and Development

Table 13.96: Upgradation of design	
Frequency of changing design	% of units
<1 months	15
1-3 months	69
3-5 months	0
5-7 months	0
> 7 months	16
Total	100

More than 69% of the units change their designs within a time span of 1-3 months.

- **Need:** More than 61% of the units update/change the design in order to compete with other enterprises. Only 8% of the units update/change the design as per the changing trends whereas almost 46% of the designs are updated as per the market demand. Also, about 23% update the product design due to other reasons which could be a result of internal research & development.
- **Problems:** more than 69% of the surveyed units face shortage of funds as a major problem in upgrading their designs, whereas about 31% of the surveyed units are unable in doing so due to other reasons.

Table 13.97: Need for upgrading design *	
Reason	% of units
Competitors	62
Changing Trends	8
Market demand	46
Low sales	0
Not required	23
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.98: Problems faced in upgrading design *	
Reason	% of units
Shortage of funds	69
Absence of design know-how	0
Resistance from labour	0
Not required	31
Not answered	0
* This was a multiple answer question, the total may add up to more than 100%	

13.8.9 Common Facilities

- **Water Supply:** it is observed from the primary survey that about 69% of the micro (manufacturing) units do have an access to water supply. Almost 69% of the surveyed micro (manufacturing) units receive water from State Government agencies. Also, certain units have installed their own tube wells in order to avail required quantum of water for

- production activities. About, 62% of the surveyed units are satisfied with the present water quality.
- **Power Supply:** 100% of the units agree to power being supplied to them by the state electricity agencies. However, there are frequent power cuts and about 69% of the micro (manufacturing) units are satisfied with the condition of power supply.

There are untimely power cuts during the day, which may last up to two hours.

- **Connectivity:** Almost 54% of the units are dissatisfied with the condition of the road network – even though they are located on Alwar – Nuhu Highway. It was verified during the site visit. Also, the road strengthening and widening activities are in progress in the region which providing hopes for better connectivity and in turn better growth of the clusters. The condition of the roads leads to breakage of large number of finished products during its transportation to the major markets.
- **Truck Parking:** From the primary survey, it is revealed that there are no trucks parking facilities in the vicinity of these micro (manufacturing) units. This leads to on-road parking and finally to traffic congestion. Besides this, safety of the manufactured product is also a concerning issue. It is also revealed that about 92% of these units felt the need of truck parking facilities in the vicinity in order to overcome the above said issues.
- **Other facilities:** From the industrial survey, it is revealed that there are no production centres and R&D Centres in the clusters wherein about 92% of the units felt the need of having them. Also, there are no Training centres in the clusters and all (100% of the surveyed units) the units felt the need of having them in their clusters for labour training programmes, skill upgradation programmes, etc. There are no Warehouses at a common level and about 85% of the surveyed units felt its need to store their goods. There are no effluent treatment facilities in the cluster and about 92% of the surveyed units felt its requirement. Around 77% of the units have First aid centres while there are no canteens in the surveyed units.

13.8.10 Marketing

Table 13.99: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	62
Wholesale Trader	38
Exporter	0
Industries	0
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	

The primary markets (first point of sale) of the manufactured goods constituting of about 92% is in Mewat itself. The remaining share of about 8% is consumed in Nuhu.

- **Market:** about 62% of the manufactured products are purchased by retail buyers whereas about 38% of the manufactured products are purchased by wholesale buyers.

Table 13.100: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	18
Absence of Marketing know-how	0
No problems	82

Table 13.101: Modes of marketing*	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	8
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

- **Mode of marketing:** The primary mode of marketing is through Word of Mouth for marketing their products, very few (about 8%) also put up their products on display at exhibitions and melas. They otherwise do not use any other mode of marketing.
- **Problems:** In order to use any other mode of marketing almost 55% of the units face a problem of shortage of funds. Some have also mentioned that they face an absence of marketing know-how.

13.8.11 Support Organisations

From the primary survey, it is revealed that none of the micro (manufacturing) units are registered with any local industrial/trade associations. Also, it is revealed that there are no industrial federations, NGOs, Exporters, technical institutions in the cluster.

13.8.12 Evaluation of Govt. Schemes

The surveyed units are unaware of the presence of micro and small enterprise - cluster development programmes. About 8% of the surveyed units are aware of the Baba Saheb Ambedkar Hastshilp Vikas Yojana but the scheme is not applicable to the cluster. Also, about 15% of the surveyed units are aware of Prime Minister's Employment Generation Programme but none of the units have availed the benefits of the scheme. The micro (manufacturing) unit are unaware of the other available schemes. This implies that the units are partially aware of the government benefits that could be availed by them.

13.8.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Very strong market- national – High levels of awareness in the units. 	Opportunities <ul style="list-style-type: none"> – The industrial area can act as an industrial feeder. – The cluster can target the international market provided adequate training and other related facilities. – Besides machinery and parts, dairy products can be developed provided tailored financial aids are available.
Weaknesses <ul style="list-style-type: none"> – Poor roads- large amounts of wastage of finished goods. – Poor basic infrastructure facilities such as water supply, power – Absence of warehouses for raw materials and waste dumping grounds. – No design related interventions. 	Threats <ul style="list-style-type: none"> – Absence of credit related links. – The units do not believe that the government authority can solve their water requirement problems – they depend on self.

13.9 Mixed Cluster, Palwal

13.9.1 Cluster Fact Sheet:-

The Palwal district got separated from Faridabad district in the recent past. There are no prominent identified clusters in the region focused on any single product. These clusters are largely focused on furniture and other woodcraft works.

The cluster comprises dependent and independent furniture and other wood craft related producing units. The industry is majorly located in Palwal and Hodal NH-2 (Delhi-Agra Highway).

Table 13.102: Mixed Cluster- Fact sheet	
Cluster Type	Natural Cluster
Geographical Spread	Palwal-Hodal
Rural/Urban	Urban
Approx. No. of enterprises	-
Approx % of micro manufacturing enterprises	-
Sample size	10
Nature of Manufacturing Activity	Furniture & other woodcrafts

13.9.2 Annual Turnover

Table 13.103: Annual Turnover	
Annual Turnover (in ₹Lakh)	Respondents (%)
1-2	20
2-3	70
3-4	10
Total	100

About 70% of the units have a turnover in the range of ₹ 2-3 Lakhs. 20% have their turnover between ₹ 1-2 Lakhs while 10% have an annual turnover in the range of ₹ 3-4 Lakhs. The average turnover per unit is around ₹ 3.6 Lakhs.

Secondary study infers that the annual turnover from the existing enterprises is about 1.80 Crores.

13.9.3 Location Preference

The clusters are broadly located on NH-2 (Delhi-Agra stretch) and have excellent road connectivity. Also, as the district administration has recently come into existence, the basic infrastructure facilities are developing. The availability of skilled labour (80%) and close proximity to market (70%) plays a crucial role in the location preference of the clusters. Besides these, other factors such as local wage levels (10%) and nearness to residence (30%) adds to the existing location preference of these clusters.

- Almost 60% of the surveyed units have rated the lighting conditions in their work place as 1 (on a scale of 1 to 5). The workers are not satisfied with the lighting conditions in their units. They are not completely satisfied because in spite of having an industrial feeder, power cuts are faced on a daily basis.
- Almost 40% of the surveyed units have rated the space availability in their working place in a range of 2 and 4 (on a scale of 1 to 5).

- Also, majority of the units (70%) are broadly satisfied with the hygiene conditions in their working place and have rated the hygiene conditions as 3 (on a scale of 1 to 5).
- Timely cleaning of the manufacturing units and its vicinity is an issue.
- More than 60% of units have rated the clusters broadly secure in terms of Safety issues

Table 13.104: Location advantage*	
Advantage	Respondents (%)
Availability of industrial sheds	0
Availability of physical infrastructure	0
Connectivity	40
Availability of industrial infrastructure	0
Availability of ancillary units	0
Availability of raw material	70
Proximity to market	70
Availability of skilled labour	80
Local tax incentives	0
Local wage levels	10
Close to residence	30
Cluster benefits	0
Easy availability of credit	0
Any other	0
* This was a multiple answer question, the total may add up to more than 100%	
Table 13.105: Total employees	
Employees on Payroll (In Nos.)	Respondents (%)
0-5	100
6-10	0
11-15	0
>15	0
Total	100

and have rated the working place safety as 3 (on a scale of 1 to 5).

13.9.4 Manpower Availability

Most units employ from between 0 to 5 workers in the manufacturing process. Almost 100% of the units employ 0-5 workers. The number of workers keeps varying on the basis of the amount of work they have at a particular time and also their wage levels.

- **Skill:** From the primary survey, it is observed that around 50% of the manufacturing units have minimum 2 skilled workers in out of 5 workers.
- **Problems:** It is observed from the primary survey, that about 56% of the manufacturing units face problems in availing skilled labour from the market. About 23% of the manufacturing units face a problem of fund shortage in employing skilled workers or upgrading the skills of their workers. Also, about 23% of the manufacturing units face problem of high attrition of skilled labour.
- **Support:** About 50% of the units trust the government organisations in providing trained resources and skill upgradation- this could be an outcome of the intervention. But, about 50% of the surveyed units are uncertain to trust any of these authorities.

13.9.5 Raw Material Availability

- **Proximity:** The primary source of raw material availability is from Palwal and also from Faridabad and Gujarat. More than 80% of the manufacturing units procure their raw material from local market. About 20% of these units directly procure raw materials from the market whereas about 80% procure from agents.
- **Costs:** Almost 90% of the units face the problem of high cost of raw material- this could be because they procure it local markets and in certain cases agents. Besides these, 10% of the surveyed units stated other problems in the high cost of raw material. This further escalates the raw material costs.
- **Support:** About 60% of the units trust government organisations for support in raw material procurement whereas 10% of the units trust private institutes and local industrial associations for raw material procurement. About 30% of the units are uncertain to trust any of these authorities.

13.9.6 Finance/ Credit Availability

Table 13.5: Problems faced in availing credit *	
Problem	Respondents (%)
High interest rate	60
Lengthy process	0
Untimely disbursement of funds	0
Unsuitable repayment schedules	0
Delay in sanction	0
Strict Eligibility Condition	0
Other problems (Commission/ Corrupt Officers/ address proof)	0
No problems	40
* This was a multiple answer question, the total may add up to more than 100%	

It is observed from the primary survey that almost 90% of the units had not availed any loan facilities. Only single unit (approximately 10%) admitted to availing credit facility. All these units had done so through banks.

- **Problems:** About 60% of the surveyed micro (manufacturing) units voted High Interest Rate as one of the major problem in availing credit/finance. Their grievance was that the loans are unavailable due to proper paper work and also due to the industry (furniture and wood products related), they are focused.

13.9.7 Technology Upgradation

From the primary survey, it is observed that a majority of micro (manufacturing) units did not felt the need for technology upgradation. This is probably due to the reason that the district's administration is recently formulated and is still in development stage. Also, another reason could be that the micro enterprises do not want to take risks since the administration is not fully developed and innovative technology upgradations need good administrative support.

Table 13.106: Need for technology upgradation	
	% of units
Units who felt the need for technology upgradation	10
Units who did not feel the need for upgradation	90
Total	100

- **Need:** It is observed from the primary survey that almost 100% of the micro (manufacturing) units felt the need to upgrade in order to reduce the waste production. Still, considerable share of units neglect the need to upgrade in order to have good support from the administrations.

- **Problems in upgradation:** It is observed from the primary survey that about 80% of surveyed units stated that Shortage of Funds for machinery upgradation is the key problem in technology upgradation. Besides this, about 10% of the surveyed units faced the problem due to lack of knowledge of technical knowhow of the machinery including repairs and maintenance.

Table 13.107: Problems faced in upgradation	
Problems faced in upgradation	Respondents (%)
Shortage of funds	80
Problems of R&M	10
Absence of Technical Know-how	10
Unavailability of domestic market	0
Unskilled labour	0
Resistance from labour	0
Other Reasons (Did not face problem)	10

- **Support:** It is revealed from the primary survey that almost 60% units trust the government organizations to provide technical support (in terms of awareness, funds or subsidies, training etc.) in upgrading the technology. About 40% of the surveyed units are uncertain about seeking for technical support for technology upgradation.

Table 13.108: Need for upgradation*	
Reason for need	Respondents (%)
Competitors	0
Reduction in waste	100
Cost ineffectiveness	0
Quality Improvement	100
Large Orders	0
Pollution Control	0
Availability of Better Technology	0
Other Reasons	0
* This was a multiple answer question, the total may add up to more than 100%	

13.9.8 Design and Development

About 30% of the units change their designs either within a time span of less than 1 month or after 7 months. While, about 10% of the units change their designs in a time frame of either 1-3 months or 5-7 months. About 20% of the units change their designs within a period of 3-5 months.

- **Need:** More than 80% of the units update/change the design as per the market demand. Only 10% of the units update/change the design as per the changing trends whereas almost 50% of the

Table 13.109: Upgradation of design	
Frequency of changing design	% of units
<1 months	30
1-3 months	10
3-5 months	20
5-7 months	10
> 7 months	30
Total	100

designs are updated in order to compete with other enterprises. Also, about 20% update the product design due to other reasons which could be a result of internal research & development.

- **Problems:** more than 50% of the surveyed units face shortage of funds as a major problem in upgrading their designs, whereas about 40% of the surveyed units are unable in doing so due to other reasons. Also, about 10% of the surveyed units are unable to upgrade their design

due to lack of knowledge of design development.

Table 13.110: Need for upgrading design *	
Reason	% of units
Competitors	50
Changing Trends	10
Market demand	80
Low sales	0
Not required	20
* This was a multiple answer question, the total may add up to more than 100%	

Table 13.111: Problems faced in upgrading design *	
Reason	% of units
Shortage of funds	50
Absence of design know-how	10
Resistance from labour	0
Not required	40
Not answered	0
* This was a multiple answer question, the total may add up to more than 100%	

13.9.9 Common Facilities

- **Water Supply:** it is observed from the primary survey that almost 100% of the micro (manufacturing) units do have an access to water supply. Almost 80% of the surveyed micro (manufacturing) units receive water from State Government agencies whereas about 20% of the units receive water from Local Authorities. About, 70% of the surveyed units are highly satisfied whereas about 30% of the units are considerably satisfied with the present water quality.

- **Power Supply:** 100% of the units agree to power being supplied to them by the state electricity agencies. However, there are frequent power cuts and about 70% of the micro (manufacturing) units are not satisfied with the condition of power supply.

There are untimely power cuts during the day, which may last up to two-three hours.

- **Connectivity:** Almost 80% of the units are highly satisfied with the condition of the road network, still about 20% of the surveyed units stated condition of the roads to be poor. The overall road conditions are satisfactory and the majority of the roads have rigid pavements to withstand the heavy axle load of carriage vehicles.
- **Truck Parking:** From the primary survey, it is revealed that there are no trucks parking facilities in the vicinity of these micro (manufacturing) units. This leads to on-road parking and finally to traffic congestion. Besides this, safety of the manufactured product is also a concerning issue. It is also revealed that almost 100% of these units felt the need of truck parking facilities in the vicinity in order to overcome the above said issues.
- **Other facilities:** From the industrial survey, it is revealed that there are no testing centres, production centres and R&D Centres in the clusters wherein all (100% of the surveyed units) of the units felt the need of having them. Also, there are no Training centres in the clusters and all (100% of the surveyed units) the units felt the need of having them in their clusters for labour training programmes, skill upgradation programmes, etc. There are no Warehouses at a common level and about 90% of the surveyed units felt its need to store their goods. There are no effluent treatment facilities in the cluster and about 90% of the surveyed units felt its requirement. Around 40% of the units have First aid centres while there are no canteens in the surveyed units.

13.9.10 Marketing

Table 13.112: Major consumers	
Major Consumer	Respondents (%)
Retail Consumers	80
Wholesale Trader	60
Exporter	0
Industries	0
Govt. Authorities	0
Others	0
* This was a multiple answer question, the total may add up to more than 100%	
Table 13.113: Modes of marketing*	
Major means of marketing	% of units
Word of mouth	100
Exhibitions/ Melas	0
Association directory	0
Advertisements	0
E-Commerce	0
Other	0
* This was a multiple answer question, the total may add up to more than 100%	

The primary markets (first point of sale) of the manufactured goods constituting of about 80% is in Palwal itself. The remaining share of about 20% is consumed in Prathlal Palwal.

- **Market:** about 80% of the manufactured products are purchased by retail buyers whereas about 60% of the manufactured products are purchased by wholesale buyers.

Table 13.114: Problems faced in marketing	
Problems faced in marketing	% of units
Shortage of funds	0
Absence of Marketing know-how	0
No problems	100

- **Mode of marketing:** The primary mode of marketing is through Word of Mouth for marketing their products. Besides this mode, there are no other modes of marketing.

- **Problems:** Some have also mentioned that they face an absence of marketing know-how.

13.9.11 Support Organisations

From the primary survey, it is revealed that none of the micro (manufacturing) units are registered with any local industrial/trade associations. Also, it is revealed that there are no industrial federations, NGOs, Exporters, technical institutions in the cluster.

13.9.12 Evaluation of Govt. Schemes

The surveyed units are unaware of the presence of micro and small enterprise - cluster development programmes. About 30% of the surveyed units are aware of the Baba Saheb Ambedkar Hastshilp Vikas Yojana but the scheme is not applicable to the cluster. Also, about 10% of the surveyed units are aware of Prime Minister's Employment Generation Programme but none of the units have availed the benefits of the scheme. The micro (manufacturing) unit are unaware of the other available schemes. This implies that the units are partially aware of the government benefits that could be availed by them.

13.9.13 SWOT Analysis

Strengths <ul style="list-style-type: none"> – Strong market- district & state level – High levels of product design awareness in the units. 	Opportunities <ul style="list-style-type: none"> – The industrial area can act as an additive to bigger industrial units. – Besides the wood products clusters, micro level auto ancillary industries also have a huge potential.
Weaknesses <ul style="list-style-type: none"> – Unreliable power supply forces the units to continue with age old technologies – Absence of warehouses for raw materials and waste dumping grounds. – No design development training programmes, labour skill development programmes available. 	Threats <ul style="list-style-type: none"> – Absence of credit related links. – The units do not believe that the government authority can solve their water requirement problems – they depend on self.