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SOCIO-ECONOMIC VOICES

"The Regeneration of Traditional Industrial Clusters in India"

Dr. E. Bhaskaran,
Joint Director (Engineering), Department of Industries and Commerce, Govt. of Tamil Nadu

1. INTRODUCTION

1.1 Scheme of Fund for Regeneration of Traditional Industries (SFURTI), a programme of Ministry of Micro Small and Medium Enterprises, Government of India, aims to organize the traditional industries and artisans and producers into collectives and provide them with support in order to make quality and competitive products to ensure long-term sustainability of the sector and its artisans.

1.2 This scheme focusses upon physical infrastructure creation, technology upgradation, training, product development, innovation, design interventions, marketability, improved packaging and marketing infrastructure with aim to improve artisanal income.

1.3 Traditional industries have been broadly categorized as under: I. Khadi Industries; II. Village Industries; and III. Coir Industries.

Categorization of Traditional Industries:

1.Khadi Industries (KI) "Khadi" means any cloth woven on handlooms in India from cotton, silk or woollen yarn hand spun in India or from a mixture of any two or all of such yarns. The Khadi Industries comprise of manufacturing units for hand-spun and hand-woven cotton, woollen, muslin and silk varieties.

2. Village Industries (VI) Village Industries (VI) includes any industry located in rural area which produces any goods or renders any service with or without the use of power and in which the per-capita fixed capital investment does not exceed Rs. 1 lakh (except for hilly areas, wherein the limit is Rs.l.5 lakh); provided that any industry specified in the Schedule and located in an area other than a rural area and recognized as a village industry at any time before the commencement of the Khadi and Village Industries Commission, continue to be a village industry under the KVIC Act. An indicative list of major Vis is provided as below:

i. **Mineral Based Industry** a. Cottage Pottery Industries
ii. **Forest Based Industry** a. Medicinal Plants Industries b. Bee-keeping c. Minor Forest based Industries
iii. **Agro Based & Food Processing Industry** a. Pulses & Cereals Processing Industries b. Gur & Khandsari Industries c. Palmgur Industries d. Fruit & Vegetable Processing Industries e. Village Oil Industries
iv. **Polymer & Chemical Based Industry;** a. Cottage Leather Industries b. non-edible oils & handmade Soap Industries c. Industry/trades focusing on circular economy, provided it emerges out of the traditional industry.
v. **Rural Engineering & Bio-Technology Industry** a. Carpentry & Black smithy
vi. **Hand Made Paper & Fiber Industry;** a. Handmade Paper Industries b. Fiber Industries
vii. **Textiles Industry** a. Apparel and garmenting b. Embroidery and surface ornamentations c. Fabric and yarn dyeing Khadi & Village Industries (KVI) today represent an exquisite, heritage product, which is 'ethnic' as well as ethical. It has a potentially strong clientele among the middle and upper echelons of the society.

3. Coir Industry (CI) Coir Industry is an agro-based traditional industry, established in coconut producing states like Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Maharashtra, Assam, Tripura, etc. Coir, a bi-product of coconut having diverse applicability, and potential for exports by developing value added products through technological interventions and product diversification. Coir Industry is an agro-based traditional industry, which originated in the stateof Kerala and now has established itself in other coconut producing states like Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Maharashtra, Assam, Tripura, etc. Coir, a biproduct of coconut with diverse applicability, has age-old use in making mats, ropes etc. The coir industry employs more than 7 lakh persons of whom a majority are from rural areas belonging to the economically weaker sections of society. Nearly 80% of the coir workers in the fibre extraction and spinning sectors are women. Being an eco-friendly with natural origin, the coir industry is an export-oriented industry and having greater potential to enhance exports by value addition through technological interventions and diversified products like Coir Geotextiles etc.

2.Objectives of SFURTI Scheme: The objectives of the Scheme are as follows: i. To organize the traditional industries and artisans into collectives to make them competitive and provide support for their long-term sustainability and economy of scale. ii. To provide sustained employment for traditional industry artisans and producers. iii. To enhance marketability of products of such clusters and collectives by providing support for new products, design intervention and improved packaging and also the improvement of marketing infrastructure. iv. To equip traditional artisans and producers of the associated clusters with the improved skills and capabilities through training and exposure visits. v. To promote collective business enterprises of traditional artisans and producers. vi. To make provision for common facilities and improved tools and equipment for artisans and producers to promote optimum utilization of infrastructure facilities. vii. To provide for setting up of multi product cluster with integrated value chain and a strong market driven approach for viability and long-term sustainability of the cluster. viii. To strengthen the cluster governance systems with the active participation of the stakeholders, so that they are able to gauge the emerging challenges and opportunities, respond to them in a coherent manner and to ensure equitable distribution of surplus generated by the collective among all the artisans and producers. ix. To promote traditional skills, improved technologies, advanced processes, market intelligence and new models of public- private partnerships, to gradually replicate similar models of collective/clusterbased traditional industries. x. To focus on penetrating uncovered districts, aspirational districts, etc. for setting up collectives covering traditional industries with special focus on endangered art and crafts. xi. To support traditional artisans with special focus on disadvantaged communities like SCs,STs,women, etc. xii. To ensure convergence from the design stage with each activity of the cluster formation and operations thereof. xiii. To identify and understand collective/cluster's target customers, understand their needs and aspiration and develop the present product lines to meet the requirements. Substantial focus should be on the buyer segment that places a premium on natural, eco-friendly, ethically sourced and the uniqueness of the Khadi and Village and Industries products. xiv. To develop specific product lines out of the currently offered diversified basket of heterogeneous products based on the understanding of the target consumer segment. A brand unification exercise also needs to be done to maximize the value. xv. To make a paradigm shift from a supply driven selling model to a market driven model with the right branding, focus product mix and correct positioning and right pricing to make the offering holistic and optimal for each of the focus categories. xvi. To tap E-Commerce as a major marketing channel and devise a quick strategy to make its presence felt in the E-Retail space. xvii. To make substantial investment in the area of product design and quality improvement, Research and Development and emerging technologies based on the market trends with an eye to standardize the quality of inputs and processes so that the products meet the quality benchmarks. xviii. To extensively promote latest technological advancements in order to take local to global in lines with the call for 'Atma Nirbhar Bharat'. xix. To establish collectives with special focus on adoption of Industry 4.0, Block Chain for traceability, digitization of turnover and artisan income, digitization of training module, effluent treatment, fire safety, green energy, knowledge repositories, etc. xx. To encourage and promote Green and sustainable products and processes.

3. Project Interventions: The Scheme would cover three types of interventions namely 'Soft Interventions', 'Hard Interventions' and 'Thematic Interventions'.

3.1 Soft Interventions Soft Interventions under the project would consist of activities such as i. General awareness, counselling, motivation and trust building; ii. Skill development and capacity building for the entire value chain with special focus on digitization of training modules; iii. Machine handling and maintenance training; iv. Institution development; v. Exposure visits; vi. Market promotion initiatives; vii. Design and product development viii. Participation in seminars, workshops, and training programmes ontechnology up-gradation, etc. Note: Digitization of training modules should be done to support training to new artisans, refresher training, assistance to artisans working from home, etc.

3.2 Hard Interventions Hard interventions will include creation of following facilities: i. Common facility centres (CFCs)and worksheds with a provision of IP enabled CCTVcameras. ii. Procurement of machineries; iii. Working Capital and Raw material banks (RMBs); iv. Tools and technological up-gradation such as charkha upgradation, tool-kit distribution, etc. v. Warehousing facility; vi. Training center. NOTE: (i) Working Capital of up to 20% of HI may be budgeted. This may cover (a) Raw Material procurement, (b) Direct wages to be paid for production, (c) cost of electricity and water. (ii) Working Capital support, as a revolving fund, will be provided for initial production cycle as an advance which should be recouped with the sale of products. (iii) Need for such expenses should be clearly spelt out in business plans. (iv) The assistance for raw material procurement may be leveraged with financial institution for enhanced credit.

3.3 Thematicinterventions: In addition to the above-mentioned hard components and soft components, the scheme will also support cross-cutting thematic interventions at the sector level including several clusters in the same sector with emphasis on both domestic and international markets. These will primarily include: i. Brand building and promotion campaign; ii. New media marketing; iii. e-Commerce initiatives; iv. Innovation; v. Research & development initiatives and technological upgradation of similar group of clusters based on performance. vi. Developing institutional linkages existing & proposed clusters Note: These interventions are illustrative in nature and the project may cover any of the other felt needs of the cluster (as detailed in the DPR and approved by SSC),that will enable the cluster enterprises in improving their competitiveness.

Group of MSEs of clusters, State Government/State Government Agencies can apply for the programme. Many studies were conducted on the performance of micro, small and medium enterprises. (Bhaskaran E. , 2008). However Traditional Industries Cluster (TIC) performance is not studied much in India. Hence this study is on TIC physical and financial performance under Scheme for Regeneration of Traditional Industries in India (SFRUTI) and its contribution to economic development of India.

2. METHODS AND DATA

Objectives of the Study

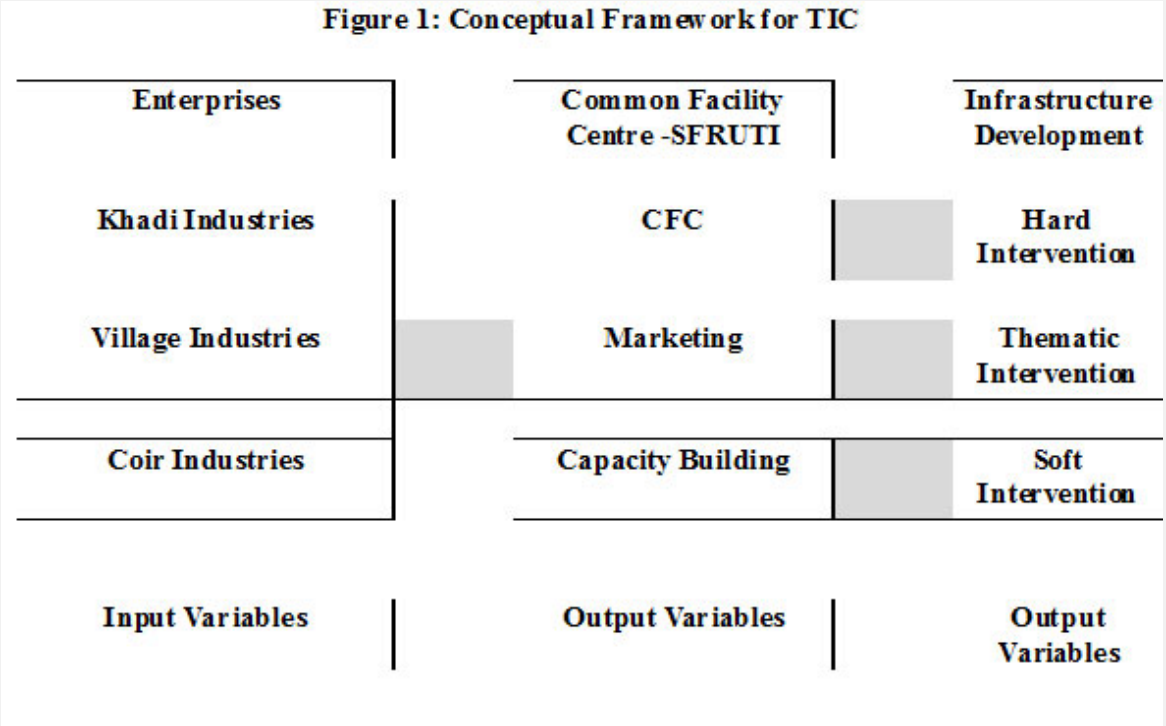
1. To study on the State Wise PhysicalPerformance of Traditional Industries Cluster (TIC) in India under SFRUTI.
2. To study on the State Wise Financial performance of TIC in India under SFRUTI.
3. To study on Regeneration of Coir Industries in India under SFRUTI.

3. Methodology of the Study

The methodology adopted is collection of secondary data from website of SFRUTI and also from various website(Bhaskaran E. , The Productivity and Technical Efficiency of Textile Industry Clusters in India, 2013). The data collected were analysed using Business Analytics like diagnostic analysis, descriptive analysis, predictive analysis, inferential analysis, prescriptive analysis and decision analytics by using statistical analysis like CAGR, descriptive analysis, correlation analysis, regression analysis and structural equation modelling by taking input variables like no.

of artisans, total project cost and total approved cost. The data were compared with Common Facility Centre approved (CFCa). The data are also collected from the journal publications. (Bhaskaran E. , The Technical Efficiency of Engineering Industry Cluster at Hosur, 2019). (Bhaskaran E. , The Technical Efficiency of Chennai Auto Industry Cluster, 2011). The conceptual frame work developed by researcher is given in figure 1.

Figure 1: Conceptual Framework for TIC

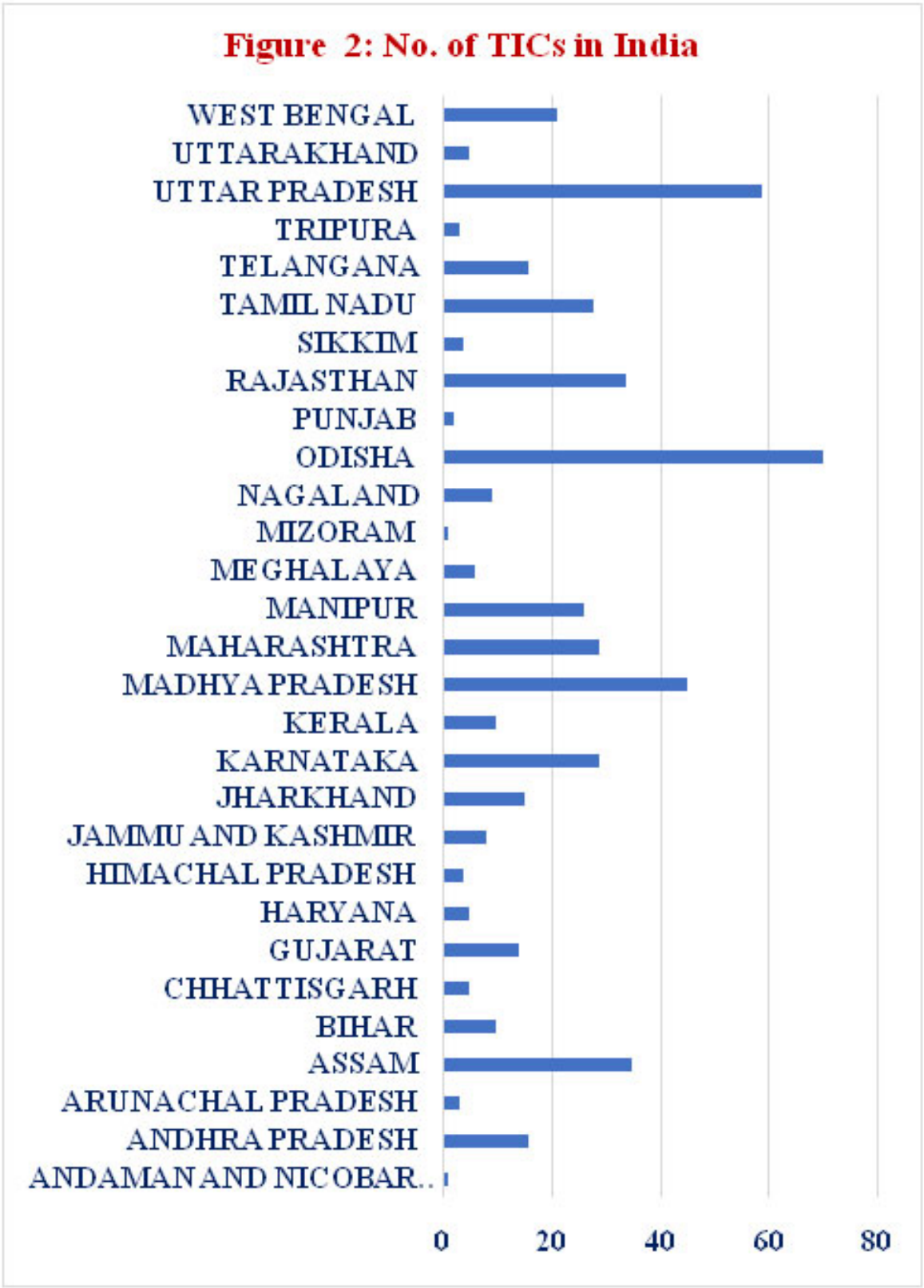


Source: Developed by Researcher

3. RESULTS AND BUSINESS ANALYTICS

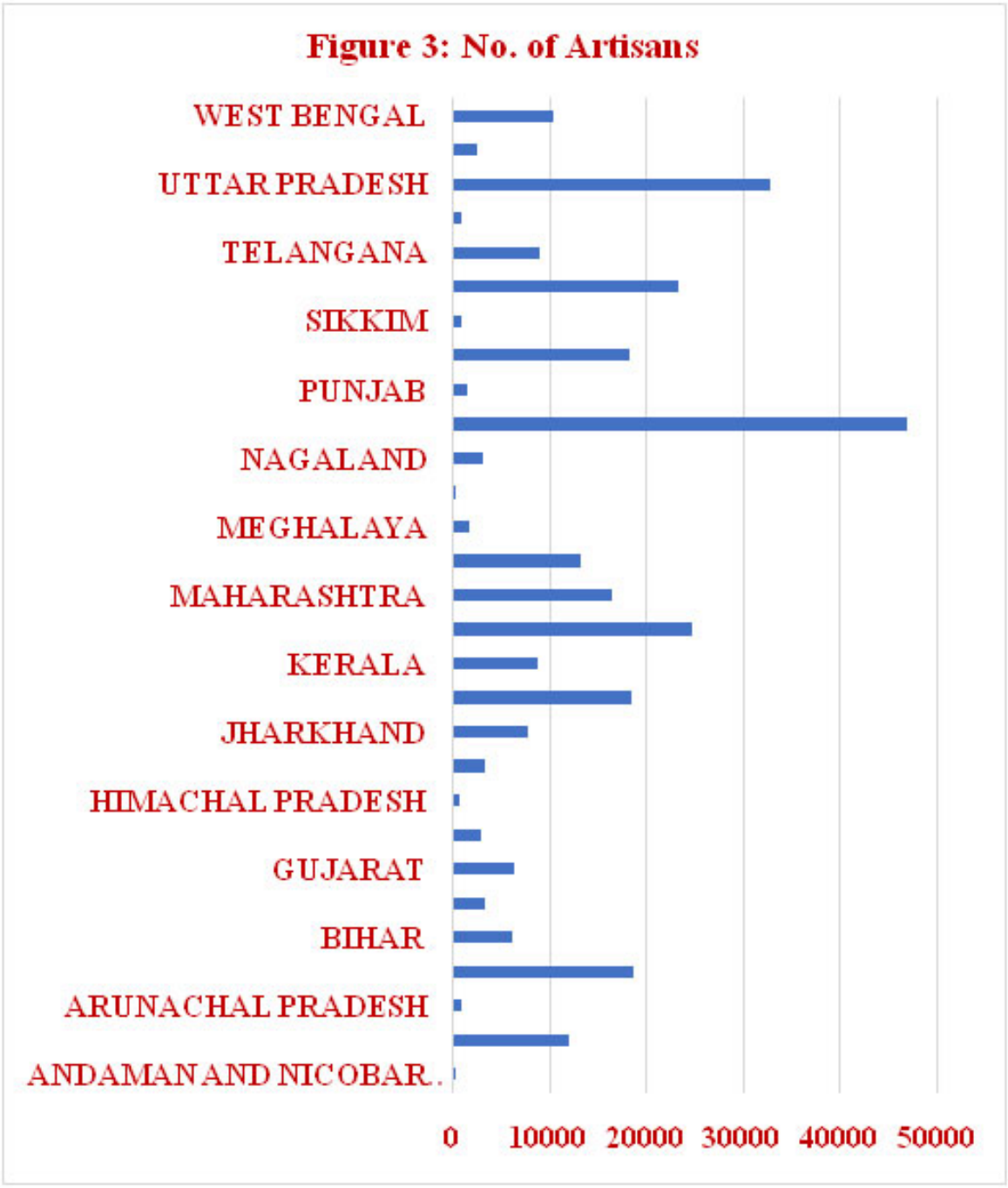
Physical Performance

The TICs in India are given in figure 2. (Ministry of Micro, 2006)



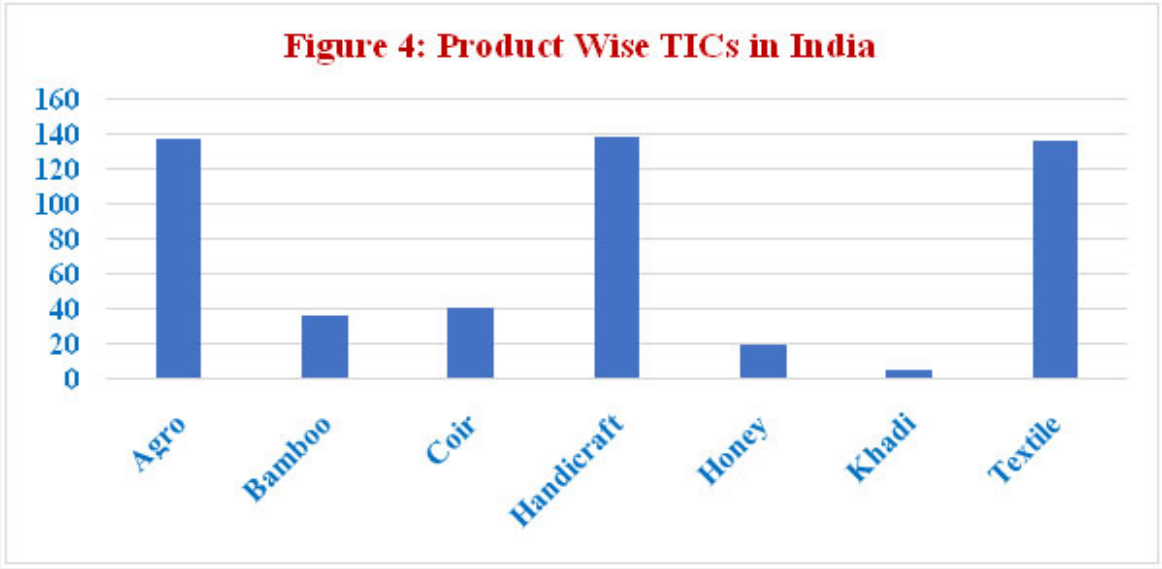
Source: (Ministry of Micro, 2006)

The physical performance of TICs is given in figure 2 where Orissa, MP and UP have got a greaternumber of TICs.



Source: (Ministry of Micro, 2006)

The no. of artisans in the cluster is given in figure 3 where Odisha, MP, UP and Tamil Nadu has a greater number of artisans in the cluster.

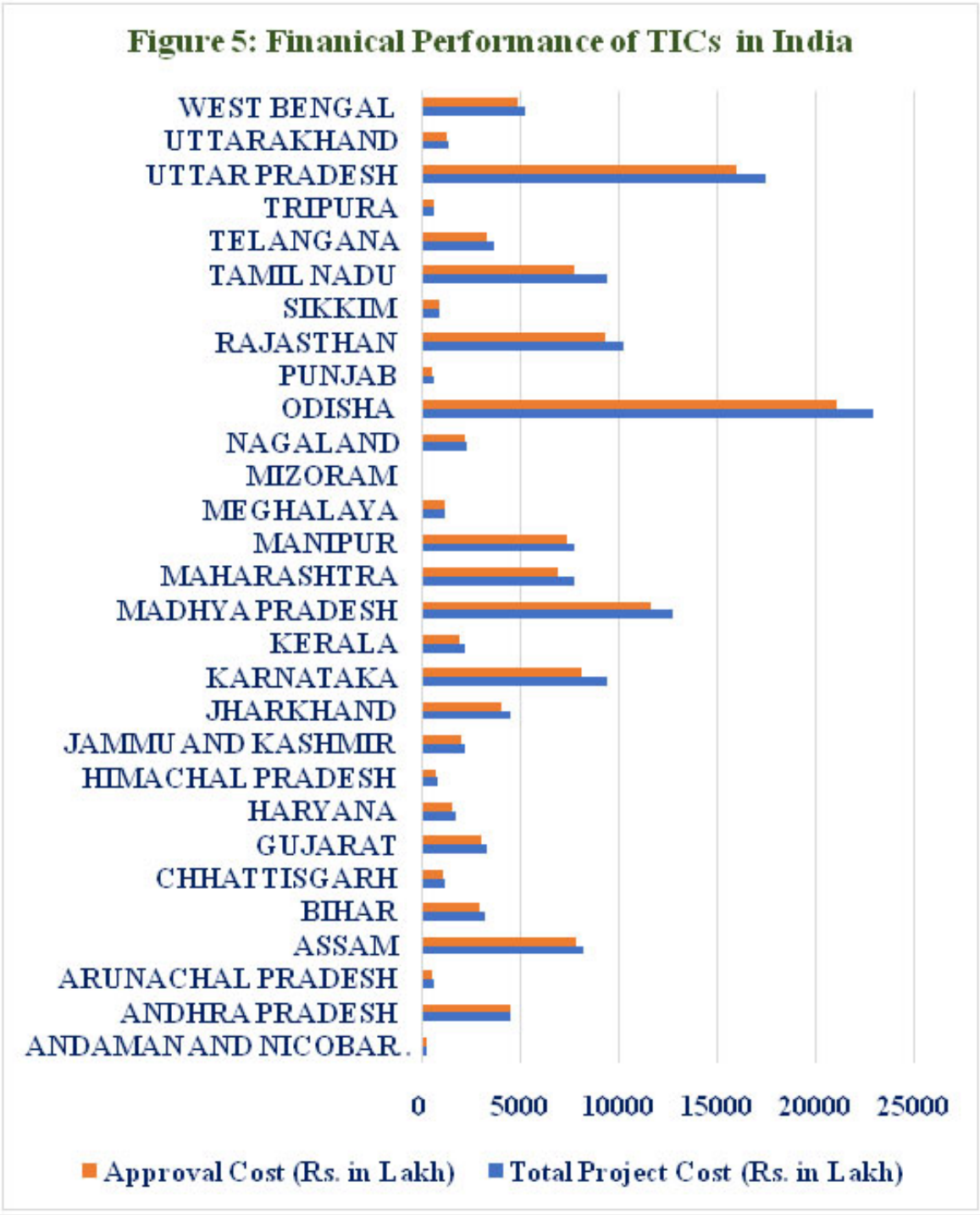


Source: (Ministry of Micro, 2006)

The product wise TICs are given in figure 4 where Agro, Handicrafts and Textiles products have more numbers in India.

Financial Performance

The financial performance of TICs in India are given in figure 5.

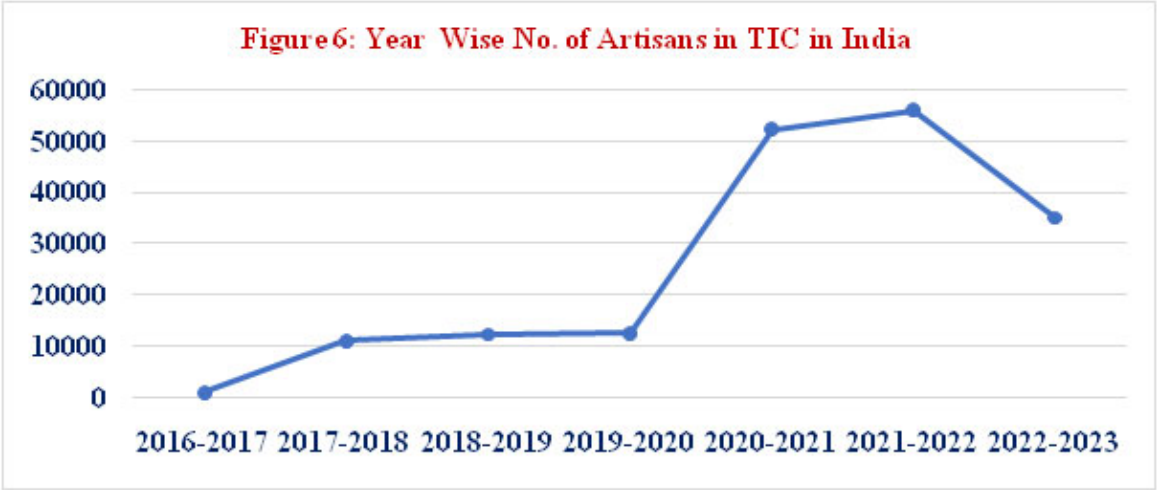


Source: (Ministry of Micro, 2006)

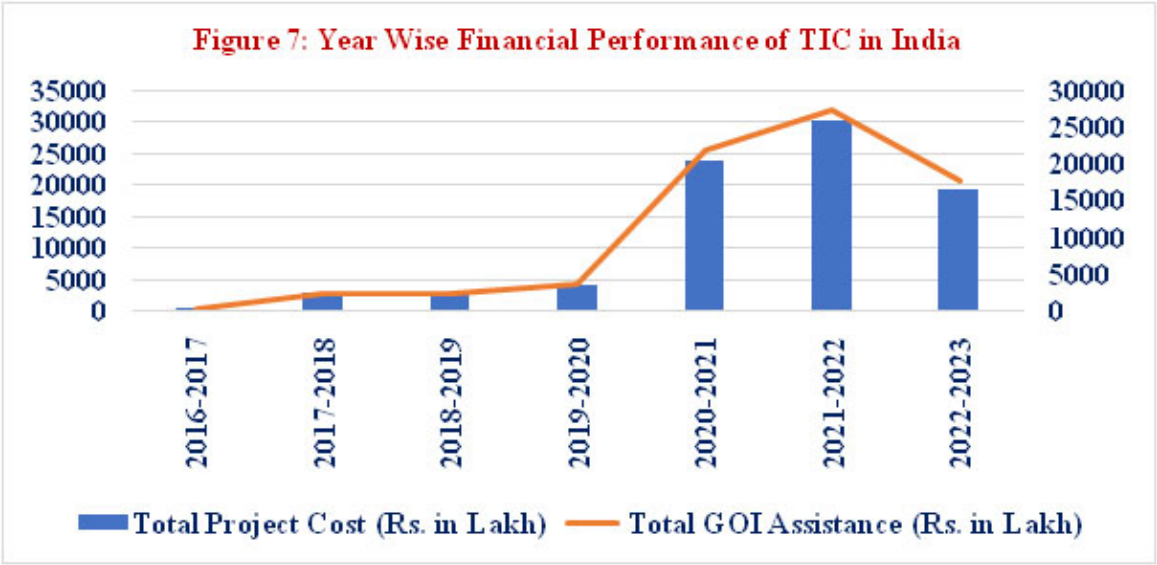
Odisha, Uttar Pradesh and Madhya Pradesh have got more approval cost and total project cost.

4. DISCUSSION

The year wise no. of artisans in TIC is given in figure 6 and the financial performance are given in figure 7.



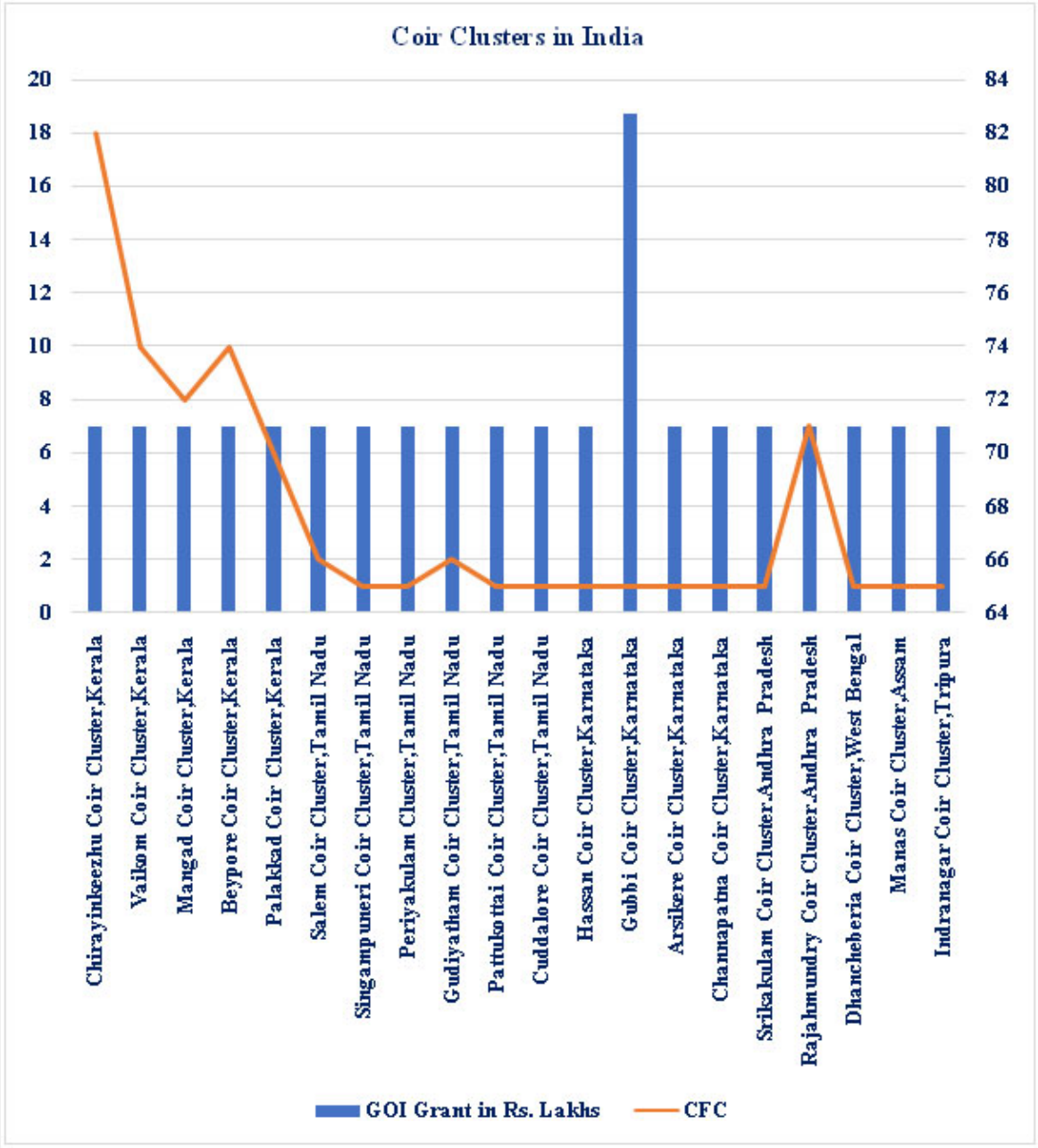
Source: (Ministry of Micro, 2006)



Source: (Ministry of Micro, 2006)

Success Stories of 20 Coir Industry Clusters in India under SFRUTI Scheme Source:(Coir-Board, 2015)

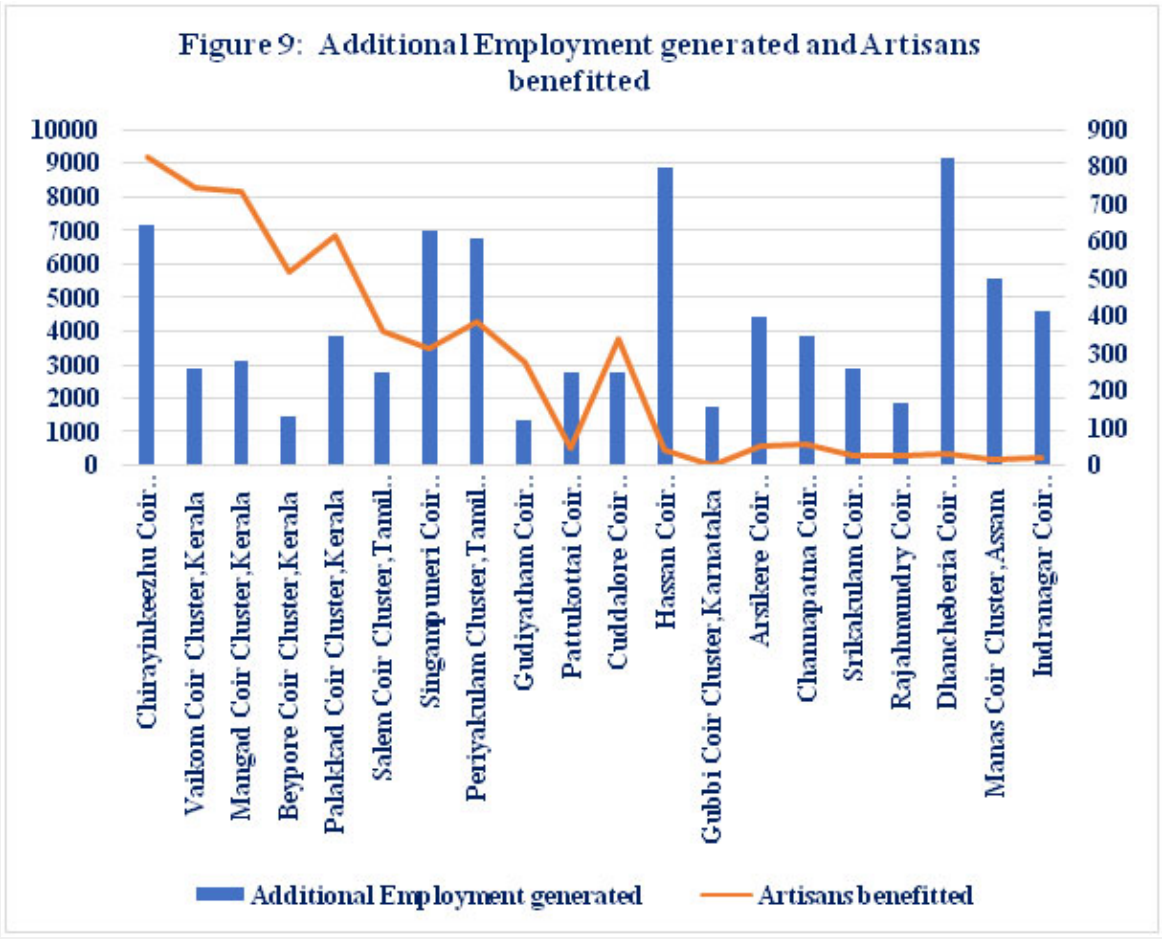
The Government of India grant was given to 20 clusters and out of that the CFC were created and are shown in figure 8.



Source: (Coir-Board, 2015)

As per figure 8 the Government of India grant given is from Rs.71 lakhs to Rs. 82.72 lakhs to 20 coir clusters in India.

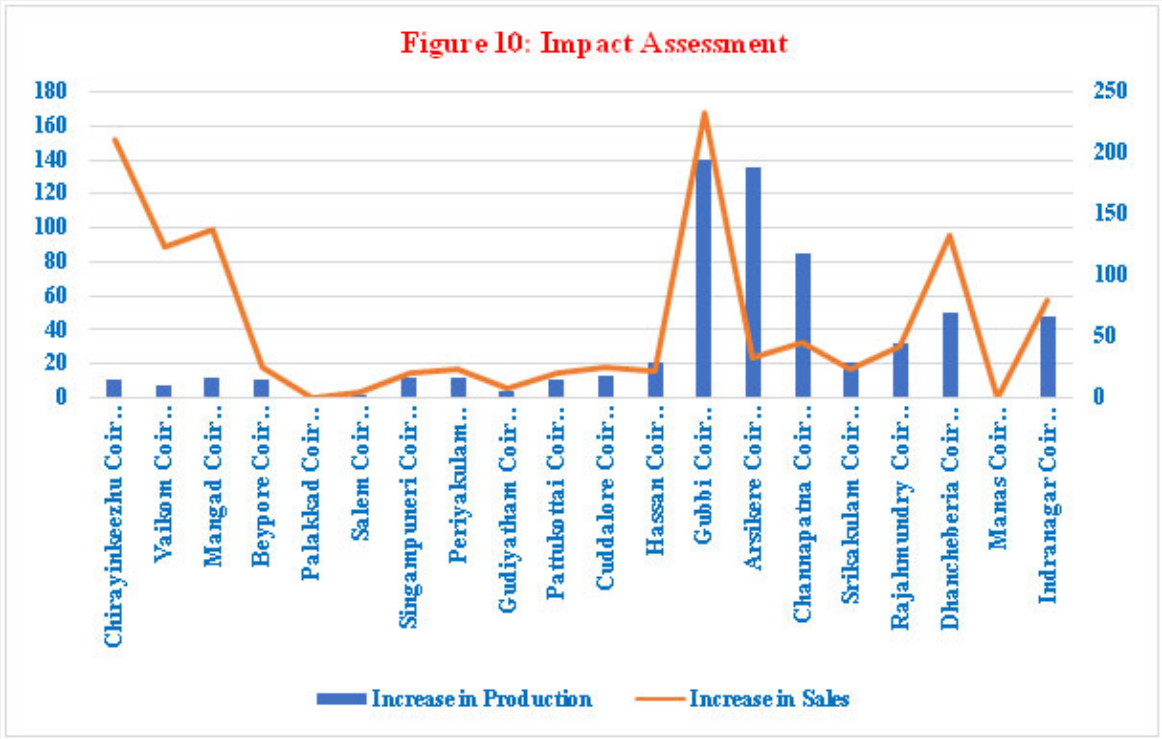
Additional Employment Generated and No. of artisans benefitted is given in figure 9.



Source: (Coir-Board, 2015)

As per figure 9 Additional Employment Generated is from 125 to 825 and No. of artisans benefitted is from 46 to 8300 for 20 coir clusters in India.

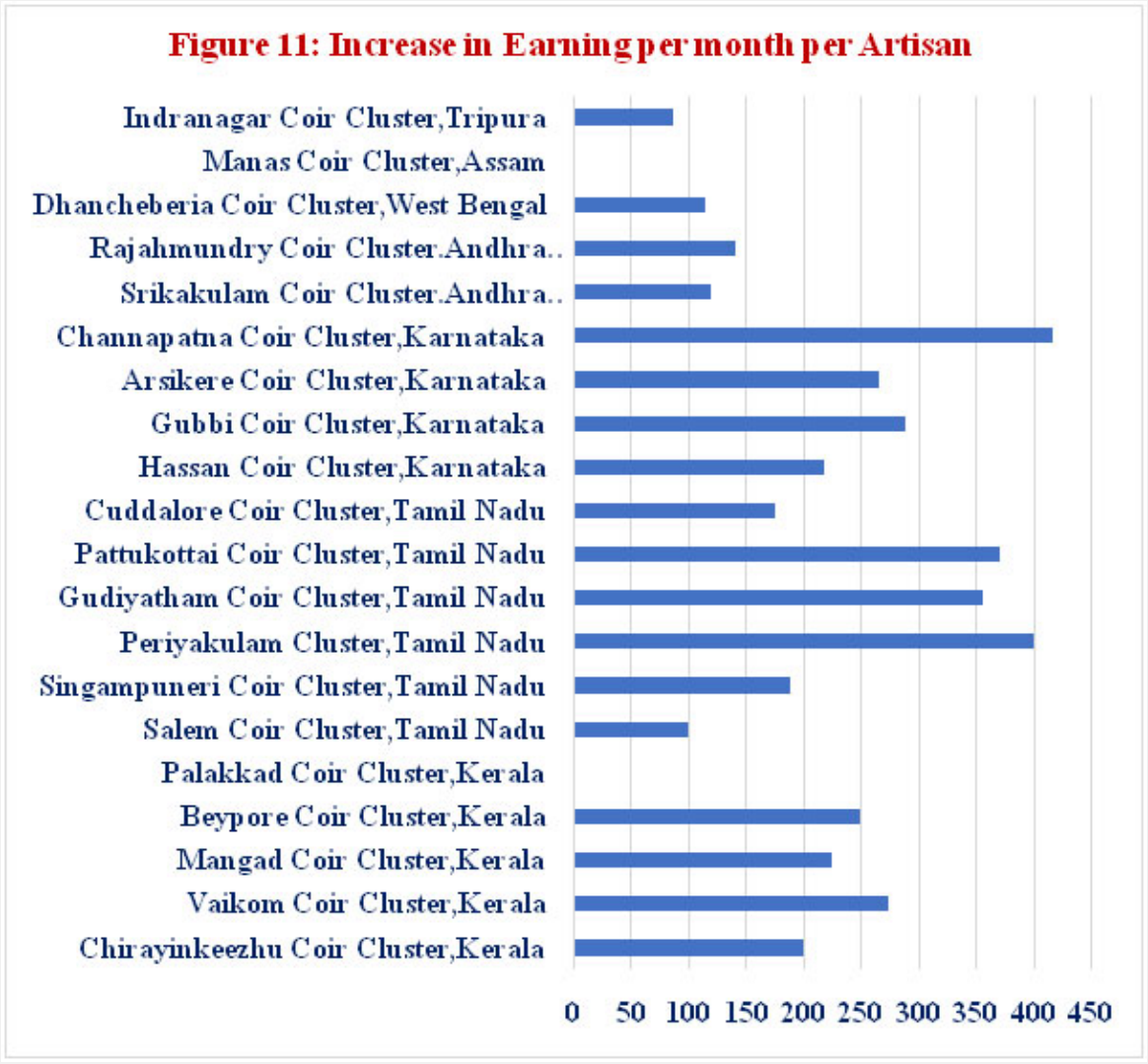
There is increase in production and sales due to regeneration of Traditional Coir Clusters in India and is given in figure10.



Source: (Coir-Board, 2015)

As per figure 10 there is increase in production from 3.33% to 193.46 % and sales from 3.33% to 166.84% due to regeneration of Traditional Coir Clusters in India and some clusters are started recently and is given as nil.

There is increase in Earning per month per Artisan and is given in figure 11.



Source: (Coir-Board, 2015)

As per figure11, there is increase in Earning per month per Artisan and it from 86.66% to 416.67% and some clusters are started recently and is given as nil.

5. CONCLUSION

SFRUTI is one of the flagship schemes of Ministry of MSME for creation of Common Facility Centre and Infrastructure Development where under the scheme various Sustainable Development Goals (SDG) were served in past few years including Goal No.8, "Decent work and economic growth" and Goal No.9, Industry, Innovation and Infrastructure. Many state-of-the-art machines and equipment's are set up thus helping them bring innovation in the work which is being performed by them.The State Wise physical and financial performance of TICs in India, is compared and the performance of approved and sanctioned has shown many interesting results. There is annual average increase in artisans, project cost approved and sanctioned.Many states have performed well on physical and financial wise and there is need of further improvements in sanction and disbursement. As per study on 20 Coir Clusters in India it reveals that there is increase in number of employments generated, no. of artisans benefitted, increase in percentage of production, sales and earnings per month per artisans due to SFRUTI.

To conclude to achieve the SDG 8 and 9 goals in India, there is need for Scheme for Regeneration of Traditional Industrial Clusters (SFRUTI)for more improvement in decent work, economic growth, Industry, Innovation, and

Infrastructure of Industrial Clusters which leads to reduce in costand increase in profit there by competing in national and international market.

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