

Study on cluster entrepreneurship of Haryana

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ABSTRACT

Entrepreneurship is an important aspect of the business and industrial growth of a modern nation. The spirit of entrepreneurship is marked by enthusiasm, persistence and ability to seek opportunities. It is the core of all commercial and industrial activities. It is a phenomenon which reflects the socio-economic conditions of a society at a particular point of time. The socio-economic factors such as the economic background of the members, their caste system, cultural background, business ethics, inter-alia, influence and entrepreneurial behaviour in a society. Entrepreneurship by character is dynamic function which allows itself to evolve in a very perceptive manner as the social processes are adapted to the conditions of needs. Through this study policy planners will be helped in devising suitable measures for creating environment for motivating the artisanal/traditional based society and these clusters will be transformed into innovation clusters.

KEY WORDS : Cluster entrepreneurship, Social economic System, Business ethics

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Entrepreneurship is an important aspect of the business and industrial growth of a modern nation. The spirit of entrepreneurship is marked by enthusiasm, persistence and ability to seek opportunities. It is the core of all commercial and industrial activities. It is a phenomenon which reflects the socio-economic conditions of a society at a particular point of time.

The socio-economic factors such as the economic background of the members, their caste system, cultural background, business ethics, inter-alia, influence, entrepreneurial behaviour in a society. Entrepreneurship by character is a dynamic function which allows itself to evolve in a very perceptive manner as the social processes are adapted to the conditions of needs. Such needs aroused through entrepreneurial efforts thus help in enhancing the economic conditions of the population of the country. In the globalization process, factors such as flexibility, speed and innovation contributed entrepreneurship to emerge as a key player in driving economic development. It constitutes an important

input in the process of economic development. Economic growth draws its vital nourishment from a stream of fresh ideas, inventions and innovations. Without entrepreneurial functions perceptions of the opportunity based on an invention, promotion and in general the modern development would have been inconceivable. Entrepreneurship (Amin, 1994) has led balanced regional development. It is an instrument of change. It is a (new business formation) as a key element within the development and revitalization process of lagging areas. This very element transforms technological possibility into technological facts. For healthy development in agriculture, industry or any other sphere of an economy, there must be men/women who possess drive, ambition, foresight and imagination to break through.

Traditional barriers overcome social *interalia* and transforms theory into practice. If the many shortages which impede the progress of developing countries, one of the most serious limiting factors on their economic development is the acute shortage of entrepreneurs. Economic development is the last analysis, the outcome of human decisions and activity. As the centre of the process stands man as organizer of the community's resources as worker and as user of the goods produced.

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The role of entrepreneurship was recognized in India much earlier than other countries. Indian entrepreneurship in the pre-independence period was concentrated around the port of Calcutta (Kolkata) and Bombay (Mumbai) and it was after independence in 1947, a general protectionist system was introduced. Entrepreneurship in India in the 1950's and 1960's was directly linked to the artisanal based which was deep rooted. In developing countries like India, traditional form of entrepreneurship is artisanal oriented. In Indian society, there is relative contribution of artisans and merchants. Traditional form of entrepreneurship can be witnessed with an example of the Moradabad (U.P.) Brass ware cluster, Moradabad Town is about 160 km from New Delhi and about 340 km from Lucknow, There is a floating population of about 50000, who move on daily basis from other towns and villages for work. The city is highly congested. Not even the casual visitor can miss noticing its brasswars. Essentially a household industry, as much 85 per cent of the people are engaged in carry on their trade from their homes. It provides direct employment to over 1 lakh workers and indirect employment to another 50000. The industry developed and has grown out of the Mughal Karkhan that survived the long years of British rule. This is an artisan driven Industry, where craftsman have inherited craft skills from their earlier generation. The Industry derives great advantage from being clustered tighter. Craft skills are generated and passed on by workers staying together. Its clustered location means that the price for various goods/ activities can move only in a limited range since they are publicly known. However, with the transformation and advancement in knowledge and technology, this sector could be transformed into industrial centres for faster economic development. It has been increasingly realized that the yawning chasm between the developed and less developed region need not necessarily be immiable.

UNIDO has indentified 300 industrial cluster and is in the process of developing 200 more. UNIDO has indentified sectoral geographical cluster. For example in leather (Ajmer), drugs and pharmaceuticals (Ahemedabad) machine tools (Bangalore), hand printing and dying (Sanganar and Bagru), food processing (Pune). cotton weaving (Tripura) and woolen knitwear (Ludhiana). The 2002-07 exim policy recognized 3 major industrial cluster and towns of export excellence in Tripura, Panipat and Ludhiana and proposed to extend this identification to 10 clusters. There are artisian based cluster which are more evenly distributed spatially. Policies intervention and development programme have tendered to be adhoc, rather than taking a holistic view of what is necessary. For instance, if Infrastructure is not developed, the development of skills remains a question mark. It is doubtful that marketing interventions alone will suffice.

Over the last decade, clusters have been widely recognized as one of the ways of overcoming the size limitation

of organization and an important instrument for improving their productivity, innovativeness and overall competitiveness. Despite the fact that numerous studies have been conducted in various countries, a common understanding of the cluster concept has yet to be achieved. It may be argued that most of the empirical work on the cluster entrepreneurship has given extreme importance to the concept of entrepreneurship and then its impact on cluster. Entrepreneurship includes cluster entrepreneurship also.

He viewed entrepreneurship as on aristocrat character, part of a Schumpeter (1961) is arguably the most influential economics of entrepreneurship. He stressed the view that the individual entrepreneur embodies the innovation function in society and the stands out as leader. Schumpeter rather emphasized the non- utilization qualities of entrepreneurship and speculated about the unique psychological make-up creative elite in capitalist society that is driven by dream of founding a "Private kingdom", an intrusive desire to success for the sake of success itself, who feels the joy of creating and delight in reline" (1961: 93-94). He stressed that practical side of entrepreneurship, arguing that entrepreneurs are the individuals that get things done in society.

Talking about entrepreneurship, Porter (1998) widely considered to be one of the most prominent authorities in the field, According to his view, clustering can encourage an enhanced division of labour among firms with physical proximity among numerous competitive producers, thereby encouraging innovation.

He further underlined that Government should not create clusters artificially, when there are for pre-conditions for that, but should reinforce and build already established and emerging cluster. He emphasized on internal strength, promotion of social capital as an important factor of cluster development, encouraging trust based relationship to increase the flow of knowledge between local players rather than intervening.

Objective of the study :

In this proposed study an attempt has been made to analyze the phenomenon of cluster entrepreneurship in the state of Haryana particularly in the handloom sector, so as to see whether economic development has imparted such traditional entrepreneurial class .It will further attempt to see how for modernity and innovation has reached this sector. This study will rein fold the general motivational level and state support system as an instrument for change.

Following the aspects of cluster entrepreneurship, therefore, the objectives of this study are:

- To analyze the commonly concept of entrepreneurship which leads to social capital formation.
- To examine the perception of the skill (Knowledge)

oriented clusters and impact of innovation on clusters.

- To analyze the growth trend of entrepreneurship particularly related to the formation of clusters.
- To probe into the degree of inclination towards grabbing of available state sponsored affirmative action's *vis-à-vis* the internal motivation for self-employment according to one's own choice.
- To analyze the general motivational level for seeking one's own volition, particularly in the light of existing support system.
- To evaluate the impact of clusters on entrepreneurship at the regional level.

Hypothesis :

In the proposed study, an attempt will be made to test the following hypothesis:

- Commonly concept of entrepreneurship which leads to social-capital formation.
- Cluster is a source of motivation to artisanal/traditional community.
- External financial support is a pre-requisite phenomenon for cluster orientation of environment.
- Innovation contributed cluster entrepreneurship as a key player in driving economic development.
- Granting marketing strengthening and supporting entrepreneurial activities.

Scope of the study :

The present study is aimed at devising the emergence of cluster entrepreneurship. It will make a pioneer attempt to identify artisanal based entrepreneurship in the society. It is firmly believed that widespread economic development could be achieved with the involvement of people who have the access to gain sustainable and gainful employment through forming proximate group of interconnected firms called clusters. It is therefore in the interest of the state that this section of the society who are involved in traditional, artisanal based entrepreneurship must be attached to assimilate themselves in the process of economic indulgence as participants in the production process Towards this end, this study will be based on an empirically established doctrine as per the objective are outlined. Direct personal investigation survey method is adopted to collect information through a structured questionnaire to be developed for the purpose. It will be confined to the State of Haryana and particularly city of handloom, Panipat, the survey of which will determine the outcome of this research. The proposed State to be considered for collection of primary data is Haryana. The preference for this state is primarily due to the nature of entrepreneurial indulgence coining with the onset of the given revolution, Haryana came into being as a separate entity and started off

with an immense advantage over most other states of India in terms of per capita income and a fairly sound agricultural economy. Expectedly it has grown faster than most other states of the union. Haryana has all along been among the top three states in terms of per capita real net state domestic product (NSDP). Panipat city is known for handloom at the national as well as international level. Panipat city is an export hub for cotton duries, mats, carpets, floor covering etc. The city has more than 100 reputed exporters for textile and handloom goods. It presents a host to artisanal/traditional cluster. The study would be of great help in terms of identifying the deficiency if any in the mechanism of support thereby devising the rectification measures to strengthen the support system for the entrepreneurial growth of the artisanal/traditional based society. The heterogeneity of the source of data should be considered the strength of the proposed research as it has high probability of making study a representative one and in term of outcome it will have high level of reliability.

METHODOLOGY

The present study is an empirical work based on primary data and secondary data collected through direct personal investigation. Therefore, to collect primary data survey method was adopted. The collection of data was based on random sampling from the universe. Since the required data are group centric stratified sampling method was followed wherever possible. The size of the sampling was at least in the sense of making the selected data representative. A structured questionnaire was developed so as to incorporate all that has been placed under objective of this study. Appropriate statistical tools for inter-comparative study were adopted so as to strength the data interpretation.

ANALYSIS AND DISCUSSION

The results obtained from the present investigation are summarized below :

Panipat textile cluster :

Panipat also known as city of handloom in North region of India is situated in the states of Haryana on Shershah Suri Marh (now known as G.T. road NH1), 90 km from Delhi. The textile history of Panipat startled after the partition of India and Pakistan, when the weaver's community that was displaced from Hyderabad, a state in Pakistan, was facilitated to settle in Panipat by the Govt. of Punjab, on the directions of Mahatma Gandhi, Panipat is today famous for UPS beautiful and jubilant handloom made UPS blanket. The Panipat textile cluster comprises of 8 segments *i.e.* handloom, power loom, carpet, woolen and shoddy yarn, spinning cotton yarn spinning, and woolen blanket cotton. All of those together make a bug of around Rs. 4000 crore and provided employment

Table 1 : Share of Haryana handloom export

Year	Exports from Haryana	Annual % age charge	Export from Panipat	Annual %age change	Share %
1995-1996	401.05	0.29	348.17	2.32	86.81
1996-1997	466.21	16.25	410.38	17.87	88.02
1997-1998	484.33	3.89	430.56	4.92	88.9
1998-1999	669.12	38.15	600.47	39.46	89.94
1999-2000	756.81	13.11	679.42	13.15	89.77
2002-2003	1058.44	25.70	970.18	26.11	91.66
2003-2004	1080.2	2.06	992.66	2.32	91.9
2004-2005	1127.16	14.31	1198.54	14.61	93.02
2005-2006	1288.45	14.31	1198.54	14.61	93.02
2006-2007	1340.32	4.03	1247.49	4.08	93.07
2007-2008	1116.72	16.68	1047.48	16.03	93.8
2008-2009	1005.25	9.98	947.72	9.52	94.28

Source : Directorate of Industries.

to 2 Lacs people. More than 50,000 handlooms (Pit looms & frame looms) are working in Panipat under the ownership of about 4200 different units. Most of these items produced on these looms are meant for export. The total export from industry is estimated to be more than 1200 crores. Power looms industry is also one of the main textile industries in Panipat catering to the needs of export as well as domestic markets. It has maximum share in total turnover of Panipat textile business there are about 1500 units having 25,000 ordinary power looms with/without Jacquard attachments.

Share of Panipat handloom export in the Haryana's handloom export brings out that export of handloom product from Haryana increasing from Rs. 290.1 Crore in 1992-92 to Rs. 1247.49 Crores in 2007-08 to Rs. 947.72 Crores in 2008-09. The export of handlooms product from Haryana increased from 345.2 Crores in 1992-93 to 1340.32 Crores in 2006-07 and decreased from Rs. 1116.72 Crores in 2007-08 to Rs. 1005.25 Crores in 2008-09.

There was massive drop in the export of handloom products in 2006-07 over 2007-2008 and 2008-2009. However, it has to be kept in mind that the performance of the overall export sector of the Panipat and Haryana during the same period was not bright. Period from 2007- to 2009 represents a decline in the export from Panipat as well as Haryana.

On the other hand, share of Panipat's handloom export in Haryana's handloom export is rising continuously. The share of Panipat handloom export in Haryana handloom export was 84.04% in 1992-1993 and it grew to 94.28% in 2008-2009. It is clear from data of handloom export that share of Panipat in Haryana handloom export is constantly rising (Table 1).

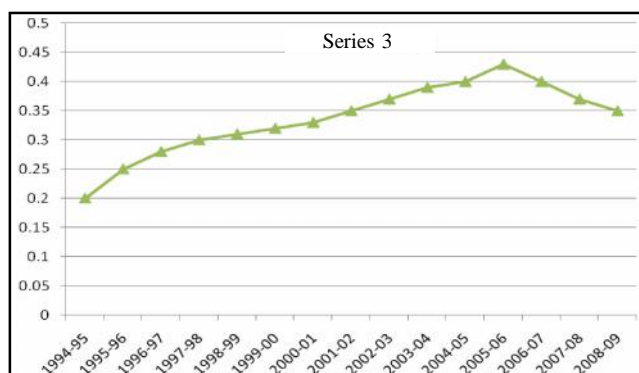
Export of carpets and floor covering products from Panipat :

The carpet industry is a traditional industry in Panipat. Table represents the export of carpet and floor covering from

Table 2 : Share of Haryana's bed linen product in India export
Exports in crore (Rs.)

Year	Bed linen	Annual % change
1994-95	77.91	
1995-96	83.37	7.01
1996-97	90.17	8.16
1997-98	98.32	9.04
1998-99	107.31	9.14
1999-2000	117.32	9.33
2000-2001	129.99	10.8
2001-2002	142.9	9.93
2002-2003	159.91	11.62
2003-2004	177.32	11.17
2004-2005	199.41	12.46
2005-2006	219.53	10.09
2006-2007	243.9	11.1
AGR		9.99
2007-2008	193.41	-20.7
2008-2009	161.14	-16.68
AGR		-18.69

Source : District industrial centre, Panipat

**Fig. 1 : Share of Haryana's bed linen product in India export**

Panipat. export of carpet and floor covering products increased from Rs. 70.21 crores in 1994-95 to Rs. 235.35 crores in 2006-2007 and decreased from 185.5 crores in 2007-2008 to Rs. 156.32 crores in 2008-2009. Export of carpet and floor covering products suddenly fell during 2007 - 2009 due to recession in world economy. The annual percentage change was positive during 1995-96 - 2006-07 *i.e.* 10.40 in 1995-96 and 12.30 in 2006-2007 and it became negative during 2007-09 *i.e.* -21.18 in 2007-08 and -15.73 in 2008-09. Average growth rate during 1994-95 to 2006-07 was 10.61 and during 2007-08 to 2008-09 was -18.46.

Conclusion / Implication of the study :

The result of the study will guide the policy planners in devising suitable measures for creating environment for motivating the artisanal/traditional based society so that their participation as contributors in the economic development process can be further enhanced. It will open up new dimensions of research on the subjects. Through this study the general lack of technological dynamism hailed to transform Industrial/artisanal clusters into 'innovation' cluster, has often been rooted in regional constraints, including that of basic infrastructure.

It will help in strengthening support system. Finally results encourage us to increase the knowledge about entrepreneurial paths followed by Indian individuals.

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