A STUDY TO MEASURE THE LEVEL OF AWARENESS ABOUT CLUSTER DEVELOPMENT PROGRAMME (CDP) AMONGST SME OWNERS AT GADAG DISTRICT

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Abstract

This is an attempt made towards assessing the Level of Awareness about Cluster Development programme (CDP) amongst SME owners of Gadag Districts, the existing literatures and success stories shows that Clusterization is an effective tool to alleviate poverty, enlarge production base and redress economic imbalances. The literature also shows that there is large amount of scope for the Clusterization in all dimensions. Structured interview schedule is used to collect the data from the SME owners of Gadag district, all the 5 Talukas has been given equal importance and 20 SMEs are selected by convenience sampling method from each Talukas. 1st Hypotheses reveals that there is a low level of awareness about Cluster Development Programme amongst SME owners of Gadag District. 96% of the SME owners of Gadag District were not aware about the CDP; only 14 firms were registered with (District Industrial Centre) DIC, out of these only 4 firms were aware about the CDP. Further 70 firms are interested in working in groups. 2nd Hypotheses is tested with Chi-Square, null hypothesis is rejected, this means there is a significant relationship between registration of the business unit and awareness about CDP. We can conclude that registration of SME units is very essential & to be aware of the benefits given to SMEs by Government one should be continuously in touch with the DIC.

Keywords: Cluster Development Programme;Clusterization;Awareness;District Industrial Centre; SMEs;Small Scale Industries;

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1. Introduction

Government of India has been giving more importance to the welfare and development of Small Scale Industries (SSI) in this regard they are introducing new and innovative schemes like "Make in India", "Startup India" "Investors meet" etc., in this act in the year 1996 Government of India has come up with a new programme called as "Cluster Development Programme". In October 2007 it was renamed as Small Industry Cluster Development Programme (SICDP) and has setup a board for its overall development, like Marketing, exporting, setting up of CFC, Skill Development and Technological up gradation etc., where cluster refers to the group of industries which are involved in the same kind of business activity and located in a same geographical location. Clusters are the group of industries who are involved in same type of business located in the proximate locations and manufacturing similar type of products or goods. The Ministry of Small Scale Industries (SSI), Government of India (GoI) has adopted the cluster approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of small enterprises (including small scale industries and small scale service and business entities) and their collectives in the country.

2. Problem Definition

Clusters are now widely considered as an effective platform to enlarge production base, trigger growth, alleviate poverty and redress regional economic imbalances[*]. Cluster Development Programme (CDP) has become one of the most effective instruments to ensure survival and growth of micro, small and medium enterprises (MSMEs). The Government of India and State Government have taken various measures for the development of SSI's/ SME's, in that the most recent scheme is Cluster Development Programme (CDP). [**]The CDP is a scheme wherein Central and state Government combine together grants subsidy up to 90% of the total projects cost including Machinery & Equipment cost and also it covers all the hard interventions and soft interventions. The major advantages of CDP are increases the Marketing opportunities, improve quality of the products/services, reduce cost of production, increase the employment opportunity. Although the Cluster Development scheme has introduced in the year 1996 there are only 17 Clusters identified (not started to work) in Gadag District[***] even after providing a bunch of facilities (Financial & Non-Financial) there is a poor growth in number of clusters in Gadag. Still there is a lot of scope available to the SMEs to form clusters and achieve economies of scale,

increase in production, creation of employment opportunity, alleviation of poverty, development of SME sector as a whole. Now the question is, are the SME owners of Gadag District are aware of the Cluster Development programme scheme, how they can form the clusters. The proposed research is taken to measure the level of awareness about Cluster Development Programme amongst SME owners of Gadag District.

3. Review of Literature

Since the concept of Cluster Development Programme is very new in the Indian as well as international context very little literature is available on the Clusters, especially in India very little research work has done in the past, for the purpose of Review of Literature various international journal were collected and reviewed, along with this white papers, Government Reports on Clusterization, Guidelines of MSE-CDP, Industrial Policy 2009-14 and 2014-19 have been collected and reviewed to know the growth and development of CDP scheme in Indian Context.

According to Arkadiusz Michal Kowalski (2013) Clustering has become the "key term" in economics of innovation. The concept of clusters is a turning point in the traditional approach to co-operation between enterprises, as well as between business and science. Tamal Sarkar, Sukanya Banerjee (2007) The policy needs to provide development gap fund to ensure the following; prepare artisans for group entrepreneurship, ensure inclusiveness-equity with growth; Involve private corporate and specialized financial and banking institutions etc. India Brand Equity Foundation (2013) MSMEs are likely to experience a more conducive landscape going forward, with the government committed to provide momentum to the sector by including it as an integral part of industrial policy. Ashis Mitra et. Al. (2009) Integrated Handloom Cluster Development Scheme (IHCDS) is being implemented by the Development Commissioner for Handloom, Ministry of Textile, GoI since the year 2005-06 with a broad objective to develop traditional Indian handloom clusters in an inclusive and holistic manner.

3.1 Few Successful Clusters of India:

Above literature may not give you complete information about the clusters and its benefits, here we have discussed few successful clusters of India, this will tell us how clusters are beneficial for

the growth and development of SMEs. Cluster provides various facilities like CFC, Soft & Hard Interventions, Marketing assistants, sales leads, procurement of raw materials & machineries and technical assistants etc. here below are the few examples of successful clusters of India.

[1]Ashwini Saxena (2003) The CDP at Chanderi has led to the formation of a weaver's organization (BVS). The weavers of BVS are not only getting higher wages, they are also enjoying profit. Credit has also been arranged, marketing support etc., [2]Jitendra Kalra (2002) The cluster travelled a long way from being a fragmented to a dynamic one. It has come to use newer marketing tools and it has shifted focus from production to marketing.

[3]V Padmanand (2003) The Coir cluster at Alleppey provides jobs to over 80000 artisans and has a turnover of Rs. 1500 corers. The network based approach as demonstrated by the coir broad and EDI in the cluster was innovatively utilized by the SBI for providing finance for input availability and marketing.

[4]Sanjay Pal (2006) As a part of GOG supported cluster development initiative, the EDII has helped in the process of a turnaround of the brass parts cluster of Jamnagar. By providing information and identifying areas of critical interest in technology and marketing, through the cluster development techniques.

[5]Rohit R Brandon (2006) It is gratifying that standardization, left and right distinction etc. has been introduced. Design inputs provided by local and element of exclusiveness and differentiation to the product. The responsiveness of artisans to technological change has indeed been heartening. Appropriate packaging materials were developed so as to improve the marketability of the product in domestic and international markets.

[6]Y V S Mahadev (2006) The products of this cluster are having very good demand especially in garments. But the cluster is not making traditional products like doilies and table mats which get good price nor have good demand. With proper training of the artisans for producing better quality standard products, making available appropriate designs and developing international

marketing networks the cluster can diversify into garments and become global sourcing point for crochet lace garments in post quota era and the process increase the wages of the artisans.

[7]Sudhanshu K. K. Mishra (2006) The cluster was able to cross the threshold of stagnation and poverty. Much faster growth is expected now. As of now the cluster has improved considerable and so as the sustainability. In future, its growth path is expected to be in a manner where maximum part of incremental growth benefits will reach the huts and hamlets of the artisans.

[8]V Padmanand (2006) Over 64 enterprises have been certified under ISO 9001 over the intervention period. Enterprise savings have been to the tune of about Rs. 1.5 Lakhs per annum. Certification is on the several more enterprises.

[9]Sanjay Malhotra (2006) Development of cooperative spirit among the members of the cluster, use of standard raw materials for making hand tools, better and faster riveting of pliers, improvement in broaching machine, addition of spanners to the product range of the cluster, A Stonger, more representative and proactive Association. All case studies showed that clusters create a substantial amount of jobs. Clusters may be spread out over several villages and some create thousands of jobs. Most of the jobs have piece rate wage bill whenever demand is low.

4. Objectives

1.   To study the level awareness of Cluster Development Programme amongst SME owners of Gadag.

2.   To study the profile of SME units at Gadag District and their Registration status with DIC.

3.   To assess whether there is any relationship between DIC registration and awareness about the Cluster Development Programme.

4.   To study the willingness of the SMEs to form the clusters.

5. Methodology & Analysis

Table 1 describes the sampling design followed to collect the data. The study was carried out in Gadag District which has 5 Talukas Namely. Gadag, Shirahatti, Mundargi, Naragund & Ron.

The State Government of Karnataka classifies these Talukas in 3 Zones, under Zone 3; Gadag & Shirahatti Talukas come which means they are industrially backward Talukas, under Zone 2, Mundargi Taluka falls which means industrially more backward Taluka and Zone 1, Naragund & Ron Taluka falls which means industrially most backward Talukas.

Table 1

Table showing Details of the Sampling point selected for study using Convenience Sampling Method.

Sl. No.	Taluka	*Zone	Sample Units	SU Ratio	Zone Wise Sample Units	ZWSU Ratio
1	Gadag	3	20	1	40	2
2	Shirahatti	3	20	1		
3	Mundargi	2	20	1	20	1
4	Naragund	1	20	1	40	2
5	Ron	1	20	1		
Total					**100**	

(Source: Authors Own Work)

For the purpose of research, data is collected on the basis of Zones created by Government of Karnataka, as per Industrial Policy 2014-19. From each Taluka 20 samples have been taken, by giving equal weight to all 5 Talukas and the same weight is given to Zones, that is in the ratio of 2:1:2, in Zone 3 Two Talukas are there, in Zone 2 One Taluka is there and in Zone 1 Two Talukas.

The study is conducted by using a structured interview questionnaire. The survey was administered by researcher. The objective of the study, confidentiality of the research, and other ethical consideration were communicated to every respondent before collecting response from

them (Cooper & Schindler, 2011). The data collection and subsequent analysis were done using MS-Excel 2010.

Table 2

Table showing Consolidated Industry Profile of Sample Units of Gadag District

Size/Activity		Ownership Pattern						Total
		Proprietorship		Partnership		Hindu Undivided Family		
		Registered	Non-Registered	Registered	Non-Registered	Registered	Non-Registered	
Micro	Manufacturing	4	16	2	0	0	7	29
	Service	2	28	3	3	0	3	39
Small	Manufacturing	1	5	0	0	0	4	10
	Service	0	9	1	1	0	2	13
Medium	Manufacturing	1	2	0	0	0	1	4
	Service	0	5	0	0	0	0	5
Total		8	65	6	4	0	17	100

(Source: Authors own Work, on the basis of data collected through Questionnaire)

Table 2 describes the status of Ownership pattern of Micro, Small & Medium size industries, which consist of both Manufacturing & Service industries, since Convenience Sampling Method is followed to collect data, both registered and non-registered firms considered for the purpose of research. Amongst 100 firms 73 are proprietorship firms of which only 8 firms are registered with DIC (District Industrial Centre), 10 are partnership firms out of which 6 are registered once and there are 17 HUF firms which all are non-registered firms. Only 14% of the firms are registered with DIC, remaining 86% of the firms were not at all aware of the DIC. 43% of the firms covered in study area are involved themselves in manufacturing activity like gold smiths, black smiths, carpenters, fabrication works, food industries etc., whereas 57% of the firms are

involved in service activity like tailors, garage, DTP works, printing press etc., So in general we can conclude that 86% of the SME owners are not aware of DIC and they have not registered themselves, which directly means that most of the SME owners are not getting any kind of information relating to schemes and benefits given by the state and central government for the welfare and development of Small Scale Industries.

Hypotheses 1: The awareness level about Cluster Development Programme is very low amongst the owners of Small Business units in Gadag Districts.

Table 3

Table showing Level of Awareness among SME owners of Gadag District about CDP

Size	Level of Awareness			Total
	High	Medium	Low	
Micro	1	3	26	30
Small	1	4	30	35
Medium	2	3	30	35
Total	4	10	86	100

(Source: Authors Own Work, on the basis of data collected through Questionnaire)

(Chi-Square Test Score 0.55; Table Value at 5% of Level of Significance 9.48773)

Hypotheses 1 is tested with the help of Table 3, to test level of awareness about Cluster Development Programme amongst SME owners of Gadag District. The calculated Chi-Square Test Score is 0.55, and the Table value at 5% of level of Significance is 9.48773. Since table value is more than calculated value we have to accept the Null Hypotheses, which is "*The awareness level about Cluster Development programme is very low amongst the owners of Small Business units in Gadag District*". By this we can conclude that SME owners of Gadag District do not have awareness about cluster development programme.

Table 4

Table showing Level of Interest shown in Working together

Size	Fully Interested	Partially Interested	Neutral	Partially Disinterest	Fully Disinterest	Total
Micro	0	57	8	2	1	68
Small	0	12	8	2	1	23
Medium	0	1	3	3	2	9
Total	0	70	19	7	4	100

(Source: Authors own Work, on the basis of data collected through Questionnaire)

The table 4 tell us that despite the fact that 96% of SME owners are not aware of the cluster development programme 70% of them feels that working together with the competitors is actually good idea, by taking some strategic measures like trust building procedure, having faith on each others, sharing information relating to supplier of best quality of raw material with least cost and manufacturing process, marketing strategy, etc will defiantly lead better amount of turnover and good amount of profit. 19% of the respondents are in Neutral in this regard, whereas 7% of the respondents partially disinterested & 4% of respondents fully disinterested in working together.

Hypotheses 2: There is no relationship between registration with DIC and awareness about Clusterization and benefits among SMEs of Gadag District.

Table 5

Table showing Chi-Square Test to Measure the Awareness about CDP amongst Registered and Non-Registered SMEs of Gadag District

	Registered	Non-Registered	Total
Aware	4	1	5
Not-Aware	11	84	96
Total	15	85	100

(Source: Authors Own Work, on the basis of data collected through Questionnaire)

(Chi-Square Test Score 17.44; Table Value at 5% of Level of Significance 3.84146)

Table 5 represents, As far as the registered and non-registered firms are concerned with respect to awareness about the Cluster Development Programme, there is little awareness among

registered SME owners of Gadag District, to test our 2nd hypothesis Table 5 is prepared and tested with Chi-Squire with 95% of level of significance, it has been tested and found that the calculated Chi-Square value is 17.44 is more than the table value of 3.84146, there by rejecting the Null Hypothesis that is '*There is no significant relationship between registration of the business unit and awareness about cluster development programme'.* This means there is a significant relationship between the registration of the SME units and awareness about the cluster development programme.

6. Conclusion

The study has revealed that the SME owners of Gadag District has got very poor relationship with DIC and only 14% of the firms are registered with DIC, which has an impact on the awareness about the Cluster Development programme. Review of Literature clearly tells that it is always better to work in a group rather than working alone. Cluster has an edge over the other SME units. Partnership firms are well aware about the Clusterization process compare to other types of ownership pattern. Compare to micro and medium sized enterprises small enterprise owners are aware about the programme. It has been found that around 70% of the SME owners are interested in working with competitors which is a good sign for the formation of clusters. To measure the level of awareness chi-square test is applied and here we have accepted Null hypotheses, this means there is a poor level of awareness amongst SME owners of Gadag District. To assess the relationship between registration of the business unit and awareness about cluster development programme the study reveals that there is significant relationship between the registration of the firm with DIC and awareness about the cluster development programme. Therefore first of all the SME owners have to register their firm with DIC to get updates about new schemes and benefits given by the government time to time, along with this they also have to understand that government schemes and benefits are exclusively made for the welfare and development of public. In this regard the Government has to take initiation to develop the awareness about Clusterization by launching suitable programme and conduct promotional activities to reach SME owners.

7. Limitations of the Study and Scope for Further Research

 The study was limited to Gadag District and thus, the generalization of the finding may not be possible. As the demographical, social, economical, type of business, relationship with various related institutions and SME owners' perception towards government schemes may also vary.

The current study has a restricted geographical coverage. Further research across country is needed for deeper understanding of the level of awareness about the cluster development programme. It may reasonably argue that the results may differ across geographies due to the various reasons. As it has been mentioned in Review of Literature that very little research work has been done on this particular programme, still there is a wide scope for further research on this particular scheme.

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