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Competitiveness, Innovative Clusters and Prosperity

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TCI



enhancing
prosperity

INSTITUTE for
COMPETITIVENESS



MDI
GURGAON



Clusters in India

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APEX CLUSTER DEVELOPMENT
SERVICES



Presentation Structure

Significance and Geographical
Distribution of Clusters in India

Major Characteristics of Clusters

Stakeholders Competiveness perception

SIZE AND IMPORTANCE OF CLUSTERS

District having 100 or more registered SSI units

1223 clusters covering 321 products .

32.68 per cent share in total number of registered units

18.95 per cent in total market value of Fixed Assets

16.99 per cent in total Gross Output

27.66 per cent in total value of employment of manufacturing

District having 500 or more unregistered SSI units

819 clusters covering 250 products

share of 37.85 per cent in total estimated number of unregistered units,

22.45 per cent in total estimated market value of fixed assets,

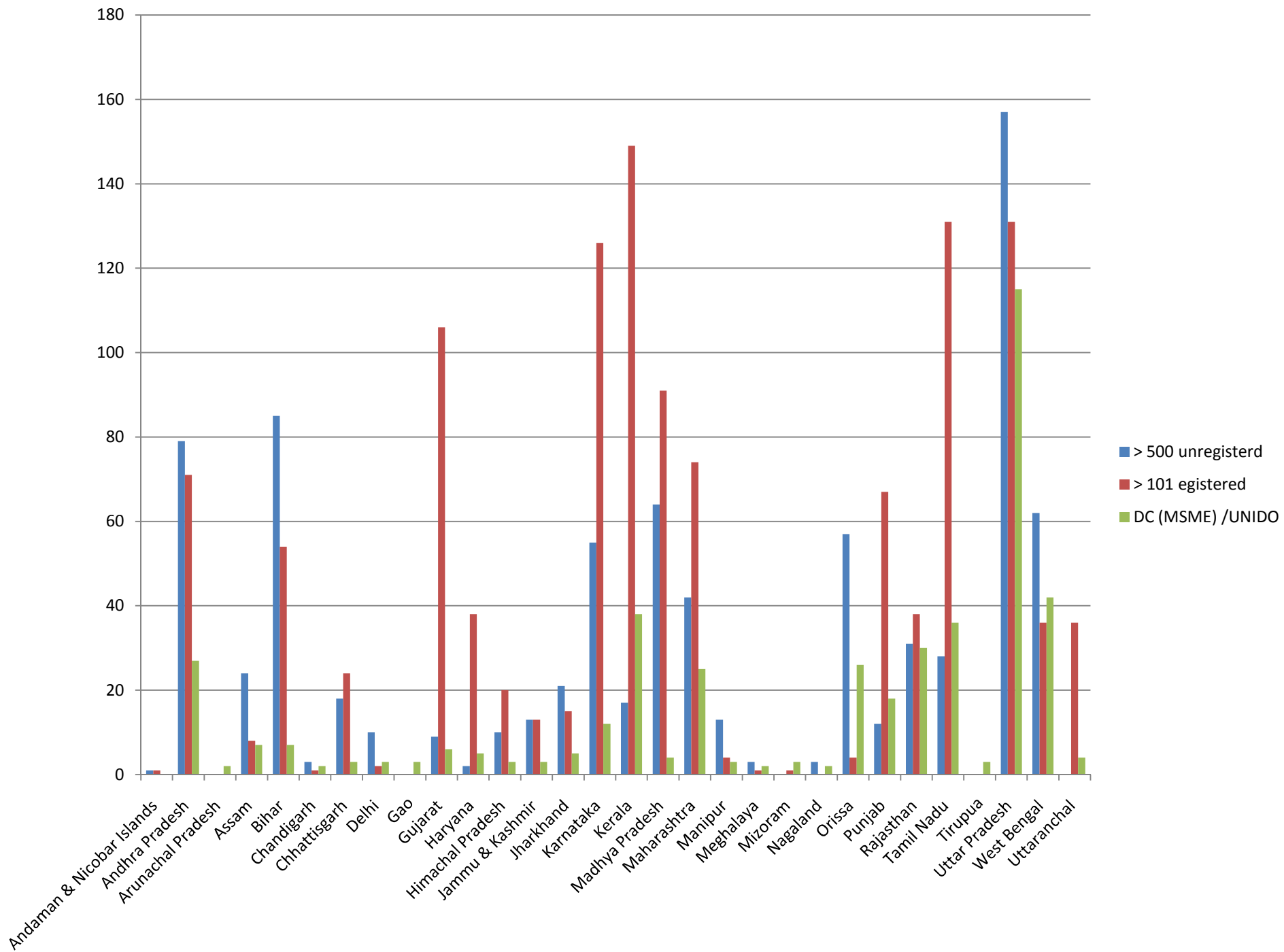
21.04 per cent in total estimated gross output and 3

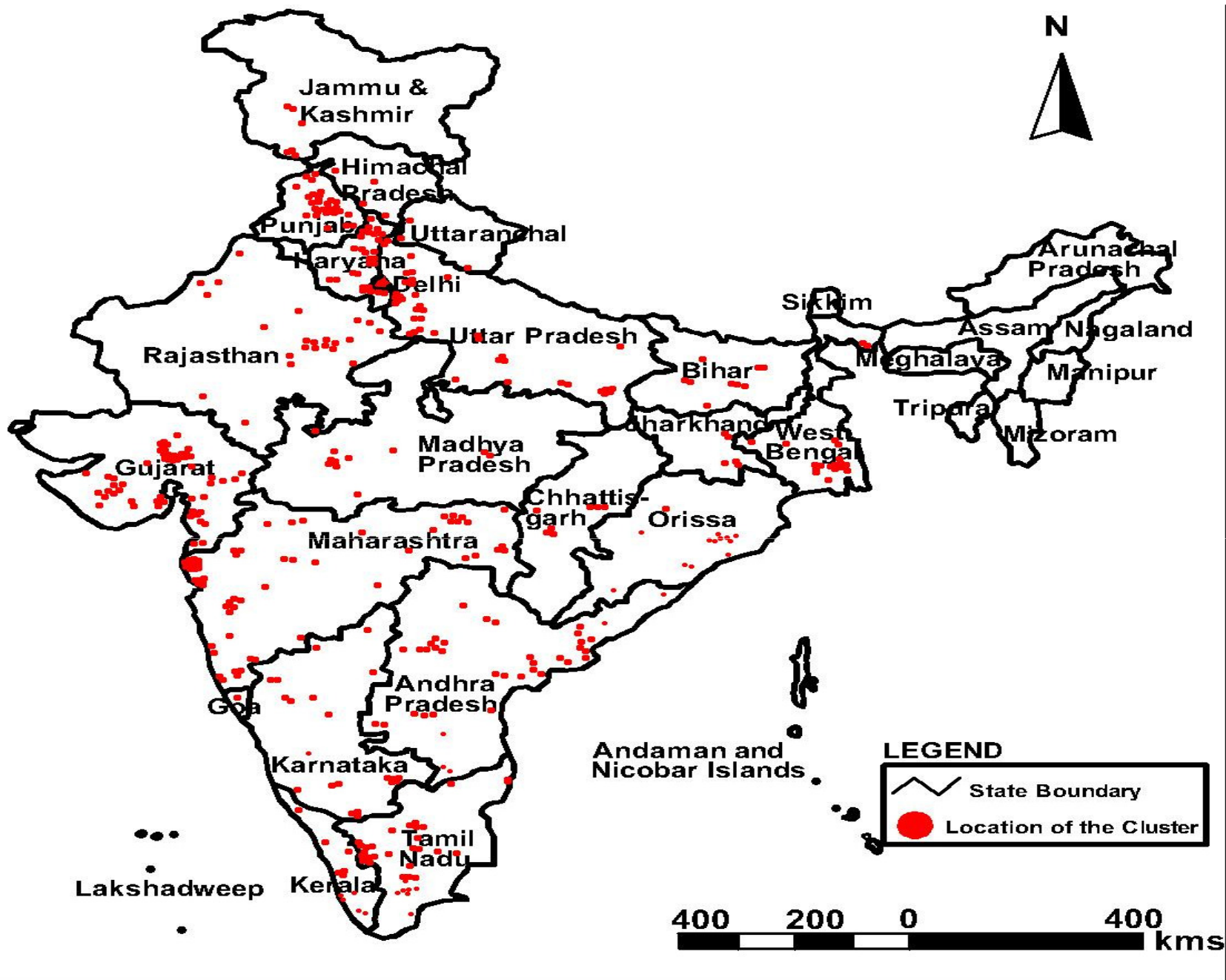
4.63 per cent in total estimated value of employment

According to UNIDO location having more than 100 Units

400 clusters SME Clusters

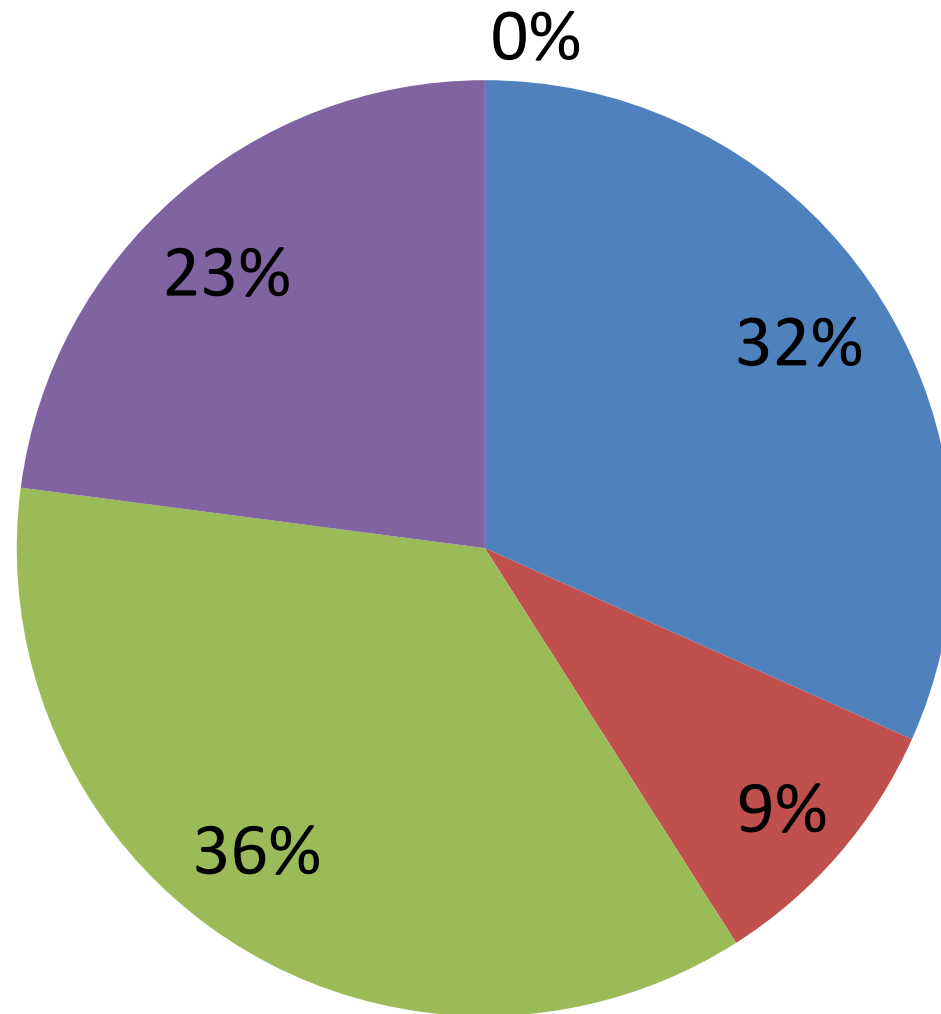
Source: Third All India Census





Geographical Distribution of clusters

■ North ■ East ■ West ■ South ■ North-East



Indian Clusters – Nature and Dynamism

Nature of clusters

- Factor endowment or market accessibility
- Induced

Factors influencing clusters

- Domestic
- International

CHARACTERISTICS OF INDIAN CLUSTERS

Historically evolved

Flexibility- Immediate conversion to meet demand

Mostly for domestic market

High level of sub-contracting

Limited inter-firm cooperation

Boundaries (product and place)are defined in most of the cases except engineering and auto component items

Small firms with less capital intensity

Low productivity- focus is more on employment generation rather than income generation

Government Policy played in important role in the growth of clusters

EXAMPLES OF INDIAN CLUSTERS
Diamond Model Analysis
FOCUSSED GROUP DISCUSSIONS

TIRUPUR-RMG

LUDHIANA-RMG

OKHLA-RMG

GURGAON- Auto
Component
cluster

FARDABAD-
General
Engineering

Source: City Cluster Economic Development, India Case study, 2010 by ADB and NIUA
Diagnostic Study of Ludhiana and Tirupur under SIDBI's BDS Programme, 2009

Factor Conditions

Labour
• Availability of Skilled Labour
• Management Skills
• Efficiency and Productivity of Labour
• Education and Training facilities
Infrastructure
• Quality of Infrastructure Services (logistics)
• Quality of Infrastructure Services (utilities)
• Affordability of Services
• Quality of Telecommunication Services
Resources
• Proximity to raw material
• Affordability of local raw materials vis imports
• Quality of raw materials
Working Environment
• Quality of living conditions for workforce
• Workplace conditions

Market Conditions

Markets
• Rate of domestic markets expansion
• Rate of export markets expansion
New Products
• demand expansion capacity for new products
• Responsiveness and innovativeness to change
Environment
• Quality & reliability of products
• Post sales and product support
• Level of business ethics
• Readiness to face risk

FIRM STRATEGY STRUCTURE AND RIVALRY

Structure
• No of foreign and joint venture firm presence
• Flexibility of production systems
Collaboration
• Level of firm collaboration
• Level of knowledge sharing
• Strong local association and business networks
• Proactive at national or international level
• Level of CSR activities
Technology Orientation
• Level of technology application in firms

RELATED SUPPORTING INDUSTRIES

Supply Chains

- Availability of business development services
- Response time of local support services
- Quality of local support services

Value Adding

- Potential to add value to supply chains
- Firms awareness of value adding potential

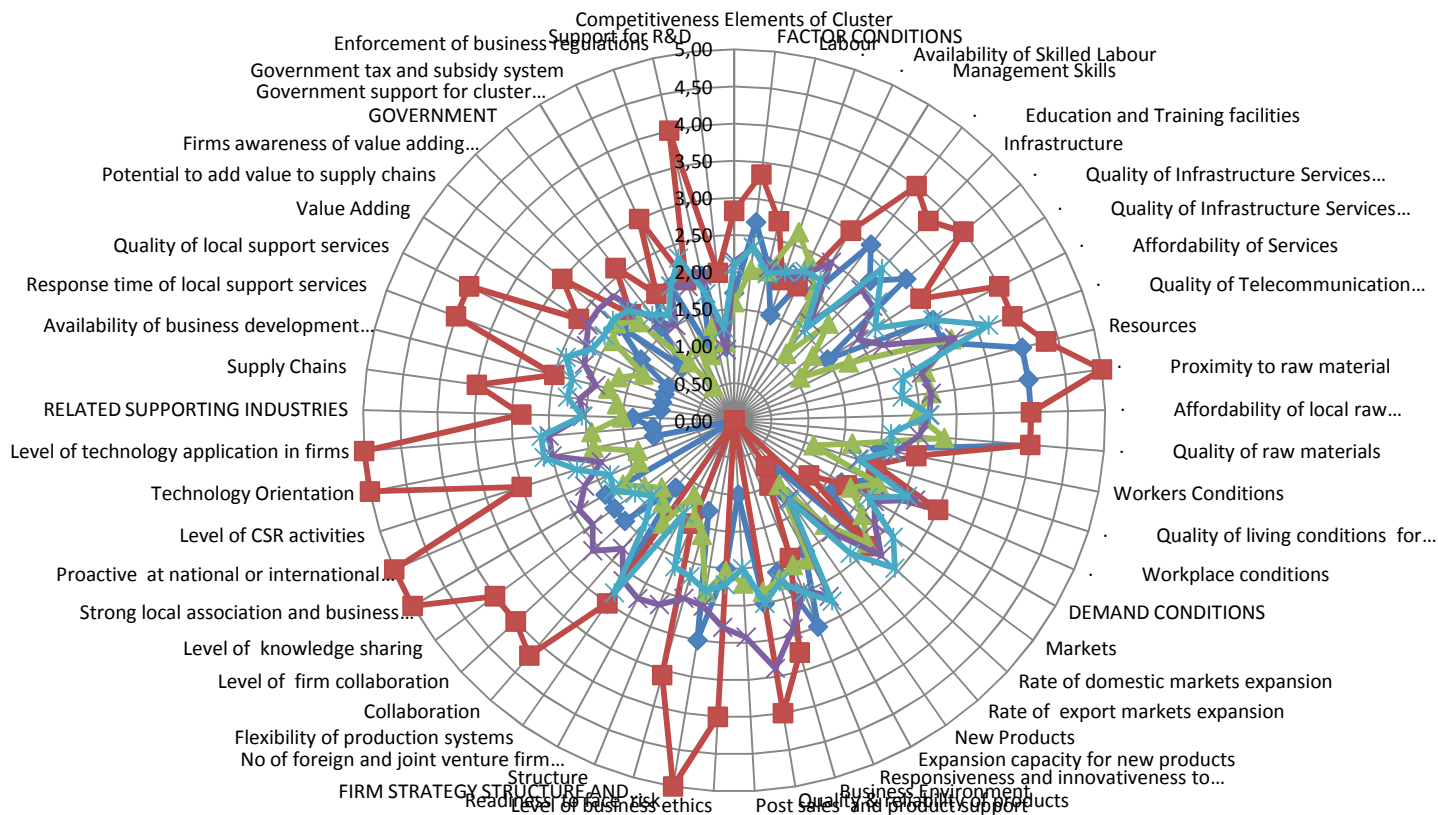
GOVERNMENT

- Government support for cluster development
- Government tax and subsidy system
- Long term plans for industry development
- Enforcement of business regulations
- Support for R&D

Rating

- 0= Doesn't Exist
- 1= very low
- 2= Average
- 3= Good
- 4= Very Good
- 5=Excellent

◆ Ludhiana (0-5)
 ■ Tirupur
 ▲ Faridabad Light Engineering
 ✕ Gurgaon Auto Components
 ✱ Okhla & Noida Readymade Garments



THANKS

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