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Clustering of Micro Industries through Private Initiative and Acceleration the Economic Growth Rate of a Country

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Abstract:

In the developing or non developed country the government took the primary responsibility and key roll for the growth of micro industry but the study concentrate how and why the private initiative took the responsibility and plays a key roll for the success of micro industry.

1. Introduction

The dictionary meaning of clustering is “to gather and grow into bunch”. Clustering is the way /process through which the growth rate of any industry can be accelerated more than its normal growth rate in the economy and in this way it boost the whole economy of the country.

Private initiative means micro enterprises, small scale enterprises, medium scale enterprises and large scale enterprises. Private enterprises take the initiative for profit as a business.

The roll of micro industry in the economic development of any country can't be ignored. It is the one pillar of sustainable economic development so by accelerating the micro industry we can accelerate the economic growth rate.

In this article I explain element of clustering of micro industry through private initiative , different type of model of clustering of micro industry through private initiative , how and why the private initiative cluster the micro industry.

1.1. Element of Clustering of Micro Industry through Private Initiative

- i. Private initiative: Private initiative means all those activity of the private enterprises which is the core or generic business process. Here private enterprise means micro industry, small scale industry and large scale industry.
- ii. Micro industry: A microenterprise will usually operate with less than 10 people and is started with a small amount of capital. Most microenterprises specialize in providing goods or services for their local areas. Micro industry is the group of micro enterprises whose product or service have similar attributes and they compete for the same buyer.
- iii. Trigger point: Trigger point is thepoint from where the clustering will be started or we can say it is the central point of clustering. The effective trigger point depends on the nature and types of micro industry.
- iv. Government: As the whole industry directly and indirectly can be influenced by the government activity so we can't ignore the role of government in clustering. Primarily in the developing and non developed country the government take the key role for the growth of micro industry, but my study concentrate on how the private initiative will take the key role for the growth of micro industry.

1.2. Different Type of Model of Clustering of Micro Industry through Private Initiative Fair Model/Exhibition Model

In a fair/exhibition model a fair/exhibition is the trigger point and it plays the key roll to coordinate all the factors effecting the success of micro industry i.e. information about technology in production and operation process, terms and condition of financial institution , different type of capital raising process etc. and ultimately cluster the micro industry .In the present Indian context fair model are taken in some specific industry such as – knitting industry, printing industry etc. Fair / exhibition model is feasible and effective when most of enterprises of same industry are concentrated in a small area.

1.2.1. Cooperation Model

In the cooperation model cooperation among the micro enterprises is the trigger point of clustering and it is only possible due to cooperation among the micro entrepreneurs. Cooperation means coming together for- formation of the enterprises, operation, management, sharing the information, marketing, or compete with large scale industry etc. to gain the competitive advantages or economies in the scale or cop up the benefit of large scale industry with the minimum investment.

1.2.2. E-Model

In the electronic model electronic devices and internet is the trigger point and it plays key role for the growth of micro industry. E-model is focused on clustering of micro industry based on internet, T.V., CD and DVD and other electronic devices. E- Model is most effective and feasible when the micro enterprise scattered on the different part of the country.

1.2.3. Combined Model

Combined model means combination of any of the above mentioned models i.e. – Fair or exhibition model, Cooperation model, e-model.

In the support of the argument of the clustering of micro industries through private initiative some of the proposed models are given here

- Clustering model of bag industries
- Clustering model of paper bag industry (thonga)
- Clustering model of sweet industries
- Clustering model of Indian agriculture
- Clustering model of Indian handicraft industry

1.3. Fair/Exhibition Model

1.3.1. Clustering model of bag industry through private initiative

Different type of bag manufactured and traded at Belgharia

1.3.2. Situation exist in Belgharia bag industry

- Approx. 70% of bag manufacturing and trading enterprises are micro enterprises.
- They have no reputed brand of their own.
- Primarily the micro enterprises are independently manufactured bag and sell them in the market of Belgharia station.
- Skilled labour intensive process are exist in the manufacturing process of bag
- Approx. 65% manufacturer are not sell directly to the customer / consumer.
- A small number of bag manufacturer are directly sell in the market of Belgharia station
- Cut throat competition are exist among the manufacturer.
- Competition are also exist among the trader
- Working capital of the manufacturer are very low
- Gross profit margin of manufacturer is lower than the gross profit margin of the trader
- Approx. 60% of the manufacturer are purchased raw material from Belgharia bag market
- Due to existence of a lot of manufacturer at one place – the whole labor force enjoy the labor bargaining power, which is directly increase the labor cost as well as cost of production
- Due to existence of a lot of trader at one place – the whole customers are enjoyed the customer bargaining power, which directly decreases the selling price of the bag
- Absence of the medium and large scale enterprises
- Most of the manufacturer or trader do not use the e-commerce
- Absence of export house at Belgharia bag market

1.3.3. Opportunities are available in the Belgharia bag market for investment to private enterprises

- Organized a fair/exhibition (trigger point) of the automated machine to manufacture the different type of bag, consultant service provider, bank (to give the loan), research institute, different type of the bag printing machine, raw material producer etc.
- Direct sell the automated manufacturing machine to the bag manufacturer
- Leasing or renting of the automated bag manufacturing machine and printing machine
- Export of the bag
- Consultant service provided on export, e-commerce, manufacturing process, quality control etc.
- Bag designing service
- Research on the different area of bag manufacturing and trading
- Repairing and maintenance service of the machine

1.3.4. Benefit are available to the private entrepreneurs

Organization of the fair/ exhibition: private entrepreneurs are took the initiative to organize a fair to earn only profit. Following would be the source of revenue for the private entrepreneurs:-

- Advertisement income
- Space selling in the fair and exhibition to the exhibitors

- Entrée fee of the fair
- Sell the magazine about the whole fair
- Selling of the machine: Most of the Belgharia bag manufacturer do not know about the automated machine, such as: - cost of the machine, from where he can purchase the machine, which machine is most suitable for him etc.
Through the fair every bag manufacturer and interested person can know all the information about the available technology in the market. The prospective entrepreneurs not only know about the machine but also he can compare all the machine at the same time.
As a result the total sales volume of the machine will be increased and as well as profit of the private entrepreneurs will increased.
- Leasing or renting of the automated bag manufacturing machine and printing machine: Most of Belgharia bag manufacturer have small amount of capital so it is not possible for them to invest in the machine. Sometime changing of the technology may create some problem to invest in machine. This problem open the door for the private entrepreneurs for a business of leasing and renting of the machine
- Export of the bag: private entrepreneurs can purchase the bag from manufacturer and trader and export them in the world market
- Consultant service provided on export, e-commerce, manufacturing process, quality control etc.: there are no any consultant service provider on export, e-commerce, manufacturing process, quality control etc. at Belgharia. An opportunities are available for private entrepreneurs to start as a consultant service provider for consideration.
- Bag designing service: some of the printing designing service area available in the Belgharia bag market but you cannot find any bag designer. It is a one type of product development which can give the power to earn excess income to the manufacturer as well as trader.in the Belgharia bag industry this type of product development initiative are taken by the owner based on his own his personal skill or copy the competitors design. An opportunities are available for private entrepreneurs to start as a designing service provider for consideration.
- Research on the different area of bag manufacturing and trading: research house as well as student can take the initiative to research on the different area of bag manufacturing and trading on the basis of existing problem at Belgharia bag industries and sell the patent to the machine producer.
- Repairing and maintenance service: if the Belgharia bag industries accept the modern technology repair and maintenance service business would come automatically.

1.3.5. Analysis

All the above mentioned opportunities are very interrelated with each other they work independently and not with the intervention of the government. Ones opportunities and success are depend on the others success. We can explain it in this way

If the fair is organized the manufacturer can know about the available technology in the manufacturing process, bank loan and other relevant information. So we can easily say that success of the machinery manufacturer, consultant services, export are primarily depend on the success of the fair organized.

As a result the Belgharia bag producer adopts the current technology in the production process, use e-commerce to acquire the raw material. Belgharia bag producer will be able to produce at a lower cost than before - this will be favorable for the Belgharia bag industry to compete in the global market. So we can easily say that the success of consultant service provider, bag trader, bag exporter, designing service provider are primarily depending on the success of the Belgharia bag manufacturer.

On the other hand, we can easily say that the success of the above mentioned opportunities may be the cause to boost the whole bag industry at Belgharia.

The above mentioned success is possible only if there are perfect competition market among the private entrepreneurs for the same opportunities. If the perfect competition market will not create among the same category of private entrepreneurs – it will be harmful rather than beneficial.

Take an example: if there are only one automated machine producer in the market- he sell his machine at higher cost. Some of the big bag manufacturer can invest in this machine and earn more profit. Micro bag manufacturer cannot compete with them for a long time (because of the labor intensive production process) and gradually they leave the market.

Some of the expert argue about the matter of employment problem, i.e. due to adoption of the modern technology in the production process the employment must be decreased. From the viewpoint of the whole industry, it is not correct because:- due to adoption of the modern technology in the manufacturing process Belgharia bag manufacturer can gain the cost competitive advantages in whole of the world bag market as a result the total sales volume of the Belgharia bag market will be increased. Due to increase in the total sales volume a lot of new employment opportunities are generated directly such as increase goods carrier, increase packing and packaging material business, repairing and maintenance business of the machinery, designing service provider, consultant service provider, trader and exporter lease and rental business of the machine, etc.

1.4. Cooperation Model

1.4.1. Clustering model of Indian micro agriculture

1.4.2. Situation exist in the Indian agricultural sector

- Low capital base
- Small cultivated land in one ownership
- Lack of knowledge of modern cultivation process
- Uncertainty of production
- Labour intensive production process
- Most of cultivators are uneducated
- Lack of cooperation among the micro cultivators
- Lack of knowledge about the form of business such as partnership farm, limited liability partnership farm, private limited, c-operative business etc.
- Cluster through cooperation-1 aggregately if a micro cultivator has 10 Katha land to cultivate, it is not possible to him to use the modern technology to cultivate the land. So he follow the traditional labor intensive process to cultivate the land.

If 10 such cultivator cooperate with each other and form a partnership farm, then 100 Katha land will be available in the hand of partnership farm and it is feasible to use the modern technology to cultivate the land. The partnership farm gain the cost advantages at the time of purchasing the seed, fertilizer, and any material. The whole of the land may be operated by 3 to 5 members and the rest of the members may employed to other work and earn extra income.

Whole production will increase due to use of the modern technology and the partnership farm gain the price advantages at the time of selling the product in market.

- Cluster through cooperation-2 there are a lot of land exist in India, which are used to cultivate only one time in the whole of the year due to lack of irrigation facility or any other reason.

If some micro cultivator cooperate with each other, there total capital will increased and ultimately they are able take modern cultivation process to cultivate whole of the year in such a land which is not possible for a single micro cultivator.

Finally, we can easily say that all negative impact of micro individual cultivation will be decreased to the reasonable extent or demolished by forming a group of individual or organization. As the total capital is increased and whole of the business will increased it is possible to consult with expert, take the correct decision, and use the modern technology in feasible ways.

If we analyses the present Indian context - we can see that a small number of cooperation are exist .And now the question arises why the number of cooperation is too small. The primary reason is the lack of knowledge of cooperation and its benefits. It opens the opportunities for the private entrepreneurs to invest to educate about the cooperation to the cultivators and earn the profit.

1.5. E-Model1.5.1. Clustering model of Indian micro agriculture

In the e-model the factors effecting the success of micro industries and micro enterprises are coordinated through electronic media such as internet. TV. , CD, DVD, or any other electronic medium.

1.5.2. Opportunities are available in the Indian agricultural sector for investment to private enterprises

- Make the program and host on the TV or create a channel only for agricultural program.
- Retail sell the agricultural material such as seed, fertilizer, etc. on the website
- Consultant service provider
- Soil test service provider
- Sell the CD and DVD on the program of modern agricultural process, loan's terms and condition in the local language.
- Leasing and renting the modern agricultural machine
- Make the website on agricultural matters
- Research by student and research house

1.5.3. Benefit are available to the private entrepreneurs

- Make the program and host on the TV or create a channel only for agricultural program . advertisement is the primary source of revenue
- Retail sell the agricultural material such as seed, fertilizer etc. on the website : profit on sell of agricultural material such as seed fertilizer etc. and also revenue from postal charges
- Consultant service provider: fee charged by providing the consultant service
- Soil test service provider: fee charged by providing soil test service
- Sell the CD and DVD on the program of modern agricultural process, loan's terms and condition in the local language. Profit on sell of CD, DVD and advertisement income
- Leasing and renting the modern agricultural machine: lease payment and rent is the primary source of revenue for the private entrepreneurs'.
- Make the website on agricultural matters: advertisement income will be the primary source of revenue.
- Research by student and research house: student or research house can take the research on agricultura and can sell it to generate the revenue.

1.5.4. Analysis

All the above mentioned opportunities are very interrelated with each other they work independently and not with the intervention of the government. One's opportunities and success are depend on the others success. We can explain it in this way

More than 50% of total employment of India's are directly and indirectly employed through agricultural but no any agricultural program will host on TV (except some govt. channel) on the continuous basis. So a huge opportunities are available for private entrepreneurs' to invest in the TV program and advertisement will be the primary source of income.

If a channel is made to host only agricultural related program such as agricultural loans terms and condition, modern cultivating process, different type of modern agricultural machine, fertilizer, seed, insecticide, different type of problem and solve for agriculture then the Indian agriculture clustered very much in such a way-

- Micro cultivators can easily apply for loan and use modern technology, process to cultivate land.
- Micro cultivator can easily understand the terms and condition of agricultural insurance matters and its process.
- Micro cultivator can easily learn the modern cultivating process.
- Micro cultivators need not to go on expert for consultant on agricultural matters
- Due to use of the modern technology the whole production will be increased to the reasonable extent

Finally we can easily say that the whole Indian agricultural sector will clustered and also clustered the Indian economy

Such type of program in local language may be sold through CD and DVD and also same type of clustering may be expected in the agricultural sector.

If a website based business is undertaken by the private entrepreneurs, the same type of clustering may be expected. The private entrepreneurs earn revenue through advertisement, providing consultant service sells the agricultural raw material etc.

E- Model is suitable for any type of micro industry but the medium is chosen based on appropriate circumstances, coverage area, return of investment.

1.6. Conclusion

There are various type of micro industry are exist, They have different nature, own business environment so they have different type of problem – for this reason clustering model should be drafted according to the actual present situation are exist in the specific micro industry.

This is not so easy to cluster the micro industry because of the limitation of the capital, uneducated entrepreneurs, lack of flow of information, ignoring tendency towards the modern technology etc. But it is the one way through the whole micro industry could be clustered automatically without primary intervention of the government. This type of the clustering will give the stability in the economy.

The government can take the primary/secondary role to create the environment for the success of trigger point. When the trigger will start to work the whole chain will automatically clustered