

# Role of Industrial Cluster Development for the Economic Development in All Over India

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## ABSTRACT

Industrial Clusters play the important role of growth engine for the economy. Clusters are always boosting the economy with equity growth of all sectors. The Industrial sector is the backbone of Indian economy and Industrial productions mainly depends on MSME Clusters. Clusters Provide low cost of raw materials, so it is more importance factor for study. Industrial Clusters provide huge level employment opportunity in Indian economy. This Paper, we will analyze the role of industrial clusters in all over India and role in economic development.

**Keywords:** Industrial Clusters, Economic Development, and employment opportunities.

## Introduction:

Cluster is not a new Phenomenon. The concept of Cluster is given by **Alfred Marshal** in 1920. Cluster means the group of industrial units and their raw material and production factors are inter connected. The raw materials suppliers, service providers, similar industrial units or enterprises are concentrated a specific region in Cluster. They face common challenges, opportunities and market fluctuations (**Porter, 2000**).

MSME (micro, small & medium enterprises) play the important role of industrial development in Indian economy. The share of MSMEs is near about 74 % in industrial sector and 39 % direct export by MSMEs. **UNIDO, 2004** defined, "Clusters are a specific geographical concentration of firms and similar units can generate various benefits for small enterprises." Industrial Clusters behave a unique group of firm who they benefit like as reducing the raw materials cost, enhance the working skills, information, and improve the marketing system. All industries and firm of growth depend on innovation, idea of new business creation and improvement of production (Porter, 2000b).

The policy of Indian government is helpful to development of MSME clusters. The government resources cannot optimum utilize without present of industrial cluster. The ministry of textile GoI started many Cluster Programme to enhance the Industrial Production like as Baba Saheb Ambekar Hastashilp Vikas Yojana (BAHVY) for integrated development of Potential handicraft Cluster in 2001-02, and Foundation for MSMEs Clusters (FMC) in 2005 for promoting MSME Clusters etc.

Industrial MSMEs Clusters is promoting equitable regional development and economic growth. It is also generating a huge level employment creation. Workers and employee are optimum utilize their skills and knowledge, so it can say that Industrial Cluster most important for study.

**Literature Review:-**

**Alfred Marshall** is among the first economist who observed the phenomena of industrial organization known as Clusters. **Alfred Marshall** in 1920 has explained why particular and unique specialized industries concentrate in particular region. It was working like a unit industries these called Industrial District. The raw materials suppliers are always approaching nearest the firms and industries. This problem solved to idea of industrial clusters.

**Porter (1998)** defined a systematic definition of Clusters; Industrial Clusters are a interconnected companies and firm. These firms create a good binding team and work their same objective. Industrial Clusters reduce raw materials cost, increase the working skill and decrease the production of cost. Clusters provide easily working skill development, technological knowledge, transportation facilities, information and research.

After Porter various other economist, scholar, and organization worked in this sector. These are following-

**(Baptista & swann, 1998)** explained strong units of firms and their objective and challenges are same concentrated in a region. The geographical area situated a nearer of raw materials centre, good facilities of transportation, availability of water and other production factor.

**Morosini (2004):** defined other way of Industrial Cluster definition to attach a socioeconomic entity. The population of economic agents (entrepreneur) localized in close proximity in a specific geographic region. Especially micro and small enterprises are a sect oral and geographical concentration which faces a common opportunity, threats and challenges.

**Planning Commission, (2012):** A Industrial Cluster is specific region proximate group of interconnected firms and companies that share common market, technologies, workers and service provider. Buyer and seller relationship are very confidential in a Cluster.

**Fundeanu & Badele,( 2014):** Cluster is a new form of industrial innovation and research to create a huge level employment opportunity, enhance working skills, competitive advantage, and better partnership between business and research institutions.

**Srinivasa Rao and Kasisomayajula, (2012)** Handloom industry is the ancient cottage industry. The idea of cluster origin from Handloom industries in India because the cotton Handloom industries concentrated a geographical region.

**Margaret C. Perivoliotis (2009):** Studied the power of hand looming and interlacing techniques. Handicraft Cluster generate a economical business and poor Indian are easily startup this cottage industry. Both Industries are main stream of ancient Industrial Cluster.

**Objective of the Study:**

The objective of this Paper is to analyze the Industrial Cluster Development in all over India. Employment opportunity and current status of industrial growth are main objective of this study.

**Research Methodology: -** This study based on secondary data nature. Data collected from the various authorized institutions like as Ministry of textile industry, Ministry of MSME, ministry of commerce and industry GoI, Indian Clusters (foundation for MSME Clusters) etc.

**Major Industrial Cluster of India**

**Handloom Cluster:** One of the largest in terms of employment potential handloom industry. It is traditional industries to make a largest Cluster in over all India. Uttar Pradesh, Assam, Tamil Nadu,

West Bengal, Andhra Pradesh, Jharkhand, Bihar, and Manipur are major states of Handloom Cluster Industries.

The details of number of clusters have been provided financial assistance during 2018-19 to 2023-24 are as under.

Sl. No.	Year	No. of cluster sanctioned	Amount released (Rs. In Cr)
1	2018-19	16	8.56
2	2019-20	21	16.84
3	2020-21	2	17.60
4	2021-22	69	59.92
5	2022-23	110	76.20
6	2023-24	96	76.35

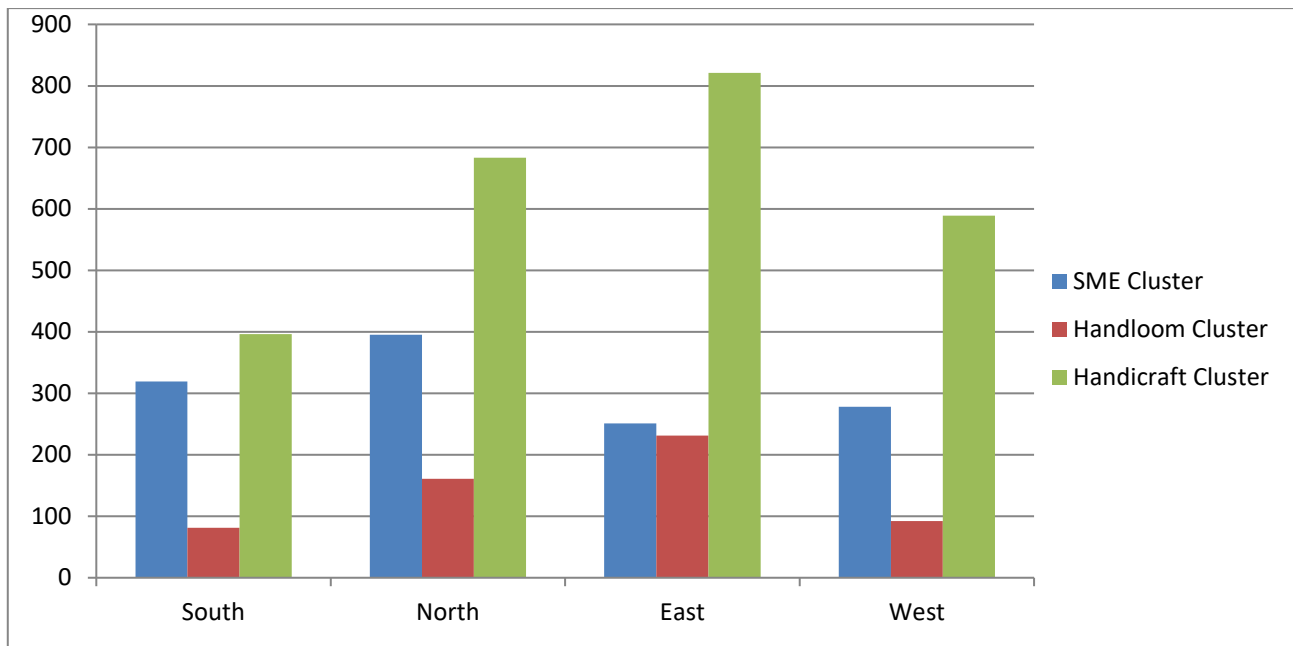
**Data Source: Compiled by author from MOT Annual report 2023-24.**

**Handicraft Cluster:** The State of Uttar Pradesh tops level with 282 handicraft Clusters in 2010 and increase within 14 years up to 295 handicrafts Cluster. Odisha and west Bengal are 271 and 245 handicrafts Cluster. Generally Handicraft Artesians economical condition is very weak. The Government should be needed to help them. The total number of handicraft Clusters is 744 in all over India.

## Zone-wise Industrial Cluster in India 2024

Zone wise Industrial Cluster in India 2024			
Zone	SME Cluster	Handloom Cluster	Handicraft Cluster
South	319	81	396
North	395	161	683
East	251	231	821
West	278	92	589
Total	278	92	589

**Data Source: Compiled by author from foundation for Cluster (FMC) 2024**



**SME Cluster:** - SME Clusters are working huge number of all major states in India. Uttar Pradesh, West Bengal, Tamil Nadu, Maharashtra, and Haryana are main SME Clusters States. SME Clusters provides large number of employment of small entrepreneurs. Industrial Cluster enhances working skills, decrease the cost of production, facilities of transportation etc.

**Textile Clusters in India:-** Textile Clusters is the one of the most significant sectors in India, Known for its weaving techniques, unique diversity in fabric Production, and attractive design. Textile industries in all over India play a critical role in industrial sector growth. Major textile Clusters in India like as **Bhiwandi (Maharashtra), Surat (Gugarat), Erode (Tamil Nadu), Varanasi (Uttar Pradesh), Tiruppur (Tamil Nadu), Ludhiana (Panjab), Bhagalpur (Bihar), Panipat ( hariyana)** etc.

**Leather Cluster:-** Leather industries are famous for Slipper, Shoes, Begg, Belt, and Many household good. It is the oldest industries of our Country. Leather Cluster especially stabilized top 10 city as- **Chennai, Ambur, Ranipet, Vaniyambadi, Vellore,, Pernambut, Trichy, Dindigul (Tamil Nadu), Kanpur, Agara, Chauri chaura (Uttar Pradesh)** etc.

### Employment status in industrial Cluster

Industrial Clusters are creating a huge level employment by their nature. Clusters are concentrating related industries, leading to increase demand for labour and worker. It creates innovation, regional economic growth, specialized skills, facilitates knowledge sharing, and encourages entrepreneurship. All these factors create job opportunity environment.

Industrial Cluster drive employment, we can understand major point given below –

1. Increase demand for labor
2. Innovation and Entrepreneurship
3. Regional Economic Growth
4. Specialized Skills and Training
5. Attractive Migrant Worker
6. Suitable working condition
7. Strong bonding between worker and entrepreneurs

Industrial Clusters make a job circle in their region, skilled and unskilled worker face same opportunity. Share of 28 % worker and employee are working in country so we can say that industrial clusters more important for industrial sector and Economic Development. The future of industrial sector is bright for innovation and research development.

**Conclusion:**

Clusters invent skilled worker, encourages the entrepreneurs, and innovation in industrial sector. Central Government to promote the Industrial Clusters and many scheme have launched by the government. The growth of industrial sector is growing up satisfactory because industrial Clusters are leading role for development and progress.

MSMEs Clusters are the largest number of employment generation, MSMEs clusters employee at least 45 % of total work force. Industrial clusters production contributes the important role of Indian Economy with the share of 39 % of total Production. The Central Government and all States Government should be Promote the Industrial Clusters Scheme. Therefore Industrial Cluster development is very significance and needs to it promote.

The all factor of industrial development like as- innovation, employment creation, research progression, technological progression, and a good environment of industrial development present in industrial Clusters. So the Cluster Concept is carrying the lead role of economic development in Indian Economy. All Developed countries have adapted various Cluster scheme and achieved their goals for growth and development. Developing Country like as India and South Africa, and Brazil are also enhance the Cluster approach.

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