CHAPTER-1
INTRODUCTION

1.1. Sports and its Origin

“Sports by their name are enjoyable, challenging, all absorbing and require a certain amount of skill and physical condition, Seaton (1958).

Play is inherent in the very germ plasm of man. Sport, which is more organized and refined form of play, is as natural to a human adult as leaves are to a tree. Since the beginning of the ‘Cultural Evolution’ of human society, sports have existed universally as a pastime. Today, no other social activity is as popular as sport. Apart from this, it has become an integral part of the total educational process. It has caught the imagination of the young and the old, the men and the women alike. Consequently, not only has the number of sports-viewers and fans increased beyond imagination but also the participants. International events like the Olympics, World Championships, the Asiads, and the Universid etc. have added new dimensions to sports; they have ushered in a new era of training, technologies and performing arts. The deft use of electronic media has made sports "a craze, a quest, a frenzy of a sort". Sports today make colossal heroes of the ordinary mortals who are praised, prized and privileged. Truly, sports have become a mass movement and a social phenomenon of a great magnitude, Purashwani (2010).

Sport is a metaphor for life. This statement captures the widespread belief that sport participation is beneficial for youth because it promotes their capacity to deal with life’s challenges. However, respective research results have been equivocal and youth sport theorists warn that various factors will determine whether participating in sport will have positive or negative effects for youth. As Petitpas, Cornelius, Van Raalte, and Jones (2005) note Sport can provide a wonderful forum for youth to learn about themselves and to acquire skills that can assist them throughout life, whereas, other researchers such as Gianoddy (2008) supported that sports can create a negative environment that may have a detrimental effect on participants’ self-esteem confidence and physical self-efficacy. Therefore, it is probably not the mere participation in sport that enhances positive development but the individual’s
experience in sport that may be the critical factor, Giannoudis (2008).

Sports are as old as human society and it has achieved a universal following in the modern times. It has now become an integral part of educational process and social activities, millions of sports fans participate in sports for the fun adventures, health, physical fitness and financial benefits linked with high degree of popularity, Bowmen (1970).

1.2. Changing Face of Sports

The time when sports were nothing more than an enjoyable recreation for individual is irrevocably past. The phenomenon of sports today intervenes in almost all fields of human endeavor and very often it even has a central position. Sports, thus has experienced an enormous intention, quantitatively as well as qualitatively with many positive aspects, Gupta (1982).

United Nations Educational, Scientific and Cultural Organization (UNESCO) have stated that physical activity and sports are the right of all people, especially children and youth. Hence, it is the responsibility of every government to provide an access to participation in activities of physical Education and sport for children and youth, Purashwani (2010).

Bucher (1976) points out that sports and games are a popular pastime for the young and the old, boys and girls, and for men and women, which offer an opportunity to do exercises and obtain relaxation. They can play an important part in developing physical fitness and skills for use in leisure time at present and, more importantly, in later years. Many of the skills developed through games and sports may be used in the years to come to help to keep them physically fit, Bucher (1976).

This is also true in the world of games and sports as the modern man appears to be much more concerned with this aspect. The hold of the sports has grown very strong on the mind of individuals in society, Dyson (1962).

By nature human beings are competitive and aspire for excellence in every given field. Sports are not an exception for the individuals only but nations also want
to show their supremacy in the field of sports such as friendly rivalry has inspired, and motivated all to sweat and strive, to run faster, jump higher and throw further and exist greater strength, endurance and skill in the competition arena. Participation in sports and games in the contemporary times has become more competing with the developed scientific knowledge, skill and methods, along with equipments and applied research in the field, disciplines envisaging vital alternations to our sedentary lifestyles. Life and living here progressed in different fields with technological innovations and one finds oneself living in society, facing challenges at every step. In sports, challenges are faced particularly when a nation’s performance in the field of sports needs more attention for a respectable position in international competition, Sharma (1998).

1.3. Why Sports Should be Given Industry Classification?

Historically in the global context, Sports is an industry that has rapidly grown and evolved, positively impacting the overall GDP growth in numerous countries. There are enormous opportunities for further industry participation. However there are challenges in attracting investment into sport. To ensure positive participation by India’s private sector beyond mere Corporate Social Responsibility (“CSR”) related investments, the time is ripe for sports in India to be recognized as an industry. This would in turn assist in transparency, sophistication, professionalism, accountability, regulation, and growth.

By giving sport industry status, there would be numerous benefits that other industries and the government would receive. The classification would enable the intra and inter industry provision of support and incentives for the domain as a whole. This would include but not be limited to:

- Infrastructure construction growth
- The boosting of manufacture of sporting goods
- More organized and systematic distribution of licensed products
- Professional organization of live sports events of any physical human activity that requires exertion and which by its very nature is competitive
It must be recognized that private sector is a crucial stakeholder in the global and domestic sports domain. In particular, the main areas where private sector contributes to sports include but are not limited to:

- Sponsorships
- Broadcasting rights services
- Apparel/equipment licensing
- Manufacturing and retailing of sports equipments
- Infrastructure and related collateral expertise, FICCI (2012).

1.4. Background of Sports Marketing in India

The changing face of sports has greatly invited a need of high quality infrastructure and facilities for the sportspersons from different sports for better and enhanced results, which has lead to the development of a specialized market to be concerned about the growing needs of various sports equipments and infrastructure of high quality.

With the India emerging, as a favorable host for various world class events including CWG 2010, ICC World cup and F1 race, it is the right time for active promotion of sports and leveraging the hidden business opportunity. Sports provide immense commercial possibilities and a social platform which could be effectively used for various causes. There are no. of business trends in various connecting areas which shows that business of sports has started getting greater attention whether one takes demographic constitution, purchasing power, growing popularity of sports channels or growing sports retail. Getting more space in media and growing demand of more sports infrastructure coupled with introduction of sports management as a subject in colleges and universities is hinting us to the latest sector in which all stakeholders started looking sports as a sector, where private sector can play vital role in its development as seen in health and education sectors, Singh (2010).

Globally, there are a large number of sports, and each can be played in multiple formats. For example, volleyball can be played on court, grass, or beach. Similarly, cricket can be played in the one-day, test match and twenty-over formats.
Some sports have received international recognition while others can be country specific, regional and even local, played by a limited number of people. The recognition of sports, its classification and formats may vary across countries. All sports require some kind of infrastructure, but the requirements vary across different sports. For example, team sports like football, cricket and hockey require stadiums while chess can be played in a room with a chessboard. Similarly, all sports require some sports product. For instance, a person can stay fit by running for which he needs a running shoe or by skipping for which there is a requirement of skipping rope. Sports like cricket, hockey and tennis require equipment like bat, balls, kneepads, specialized shoes and racquets. Some sports like shooting and motor racing require sophisticated infrastructure and technology-oriented expensive equipment while equipment for sports like cricket, badminton and tennis are available at all price ranges and are easier to purchase and store, Vasudevan (2011).

Sports Goods industry in India is more than a hundred years old. Indian sports goods industry has its roots in Sialkot, Pakistan. During the partition of British India into India and Pakistan during 1947 many Hindu artisans moved from Sialkot, Pakistan, traditionally a major centre of the sports goods industry, to Punjab in India. The Mahashak, the traditional stitches’ community, started living in the districts of Jalandhar, Batala and Ludhiana. The Mahashak of Jalandhar and Batala are still engaged in ball stitching. Jalandhar has grown as the major centre of India's sports goods industry. Meerut in Uttar Pradesh is the second and Gurgaon in Haryana is the third largest clusters of sports goods manufacturing, Vasudevan (2011).

India is one of the largest producers of footballs and other inflatable balls. The Indian sports goods industry has grown substantially ever since independence in 1947, particularly during the last decade. The products such as Cricket Bat, Cricket Ball, Football and Nets are getting fame all over the world steadily.

The sports goods industry in India has witnessed phenomenal growth over the past five decades and now occupies a place of prominence in the Indian economy in terms of its massive potential for employment generation and export. There has been an increasing emphasis on its planned development, aimed at optimal utilization of
resources for maximizing the returns, particularly from exports. Sports Goods sector is one of the largest providers of widest avenues of employment opportunities. Sports Goods Industry plays a significant role in the Indian economy owing to both rural and urban employment potential. It is also known for its contribution to exports from the country. Share of sports goods in the total export is increasing in the recent years, Vasudevan (2011).

The Indian sports goods industry produces more than 300 items; however, major items that are exported include inflatable balls, hockey sticks and balls, cricket bats and balls, boxing equipment, fishing equipment, indoor games like Carom and Chess boards and different kinds of protective equipment. Most of India's sports goods are exported to United Kingdom, United States of America, Germany, France and Australia. The Indian sports goods industry is highly labor intensive and it provides employment to the weaker sections of society and also employs a large number of women workers, Vasudevan (2011).

Sports Goods Industry has remained not only one of the important livelihood avenues but has also been the savior of various traditional skills that have been inherited by the workers over generations. The unique and high-skill oriented processes for the production of exquisite sports products helped the industry to survive the onslaught of automated production systems, Vasudevan (2011).

The sports goods industry in India is nearly a century old and has flourished due to the skills of its workforce. A robust growth rate of 14.7 per cent in exports indicates a sizeable opportunity for India in this sector. Being labor-intensive in nature, the Indian sports goods industry provides employment to more than 5,00,000 people. The sports and leisure goods retail market in India was valued at US$ 17.7 billion for 2007-2008. The market grew at the rate of 18 per cent over 2006-2007 in value terms, primarily due to outlet expansions by industry players. The nucleus of the industry in India is in and around the states of Punjab and Uttar Pradesh; Jalandhar (Punjab) and Meerut (Uttar Pradesh) together account for nearly 81.8 per cent of total domestic production with more than 3,000 manufacturing units and 130 exporters present in these two towns. However, limited number of units falls under the SME
sector and remaining are working on behalf of their SME’s. these SME’s i.e., (sports goods manufacturing industries) which are supplies the raw materials and technical detail for procuring supplies, kit and equipment to the small scale manufactures i.e., SSI around the industrial zone densely situated and send back to the origin of raw materials suppliers i.e., large/medium sports goods manufacturing units. About 60 per cent of the sports goods manufactured in Jalandhar are different kinds of inflatable balls and provide direct employment to more than thousands of workers. The industry also has a presence in Mumbai, Kolkata and Chennai, albeit at a lower scale, **ESGNPC (2008).**

The biggest sports goods market of Indian Sub-Continent holds the possession in Jalandhar, Meerut and Gurgaon, which have been considered to be the hubs of the imports and exports of the sports goods materials in India. The literature have reviewed that the role of Small Scale industries in these areas can never be underestimated, as they play the major role in holding up together the sports market in India.

The small and medium enterprises today constitute a very important segment of the Indian economy. The development of this sector came about primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop core industry and have a supporting sector in the form of small scale enterprises. SMEs sector has emerged as a dynamic and vibrant sector of the economy. The Indian economy is expected to grow by over 8 per cent per annum until 2020 and can become the second largest in the world, ahead of the United States, by 2050, and the third largest after China and the United States by 2032. The turnaround in manufacturing and other sectors, which has occurred in the face of increased global competition, is due to improved efficiency following the various policy reforms in recent years. Small and medium enterprises (SMEs) constitute 6 per cent of GDP, 34 per cent of national exports and account for the employment of more than 30 million people, **Jeswal (2012).**

SME is the abbreviation for Small and Medium Enterprises. These enterprises can be rightly called as the backbone of the GDP of India. The SME sector in India is
growing at an exceptionally fast rate due to which it is proving to be beneficial to the Indian Economy. Following are some of the current figures related to the SME sector in India:

- The contribution of the SME sector to the entire output of the country is 40%.
- Currently, there are over 11 million SME units in India that produces more than 8000 products.
- 90% of the Industrial Units in India belong to the SME sector.
- These SME units contribute 35% to the Indian Industrial Export.

Following are some of the factors that have contributed to the growth of SME sector in India.

- SME units in India are being funded by foreign and local fund providers.
- The advancement in technology has also contributed highly to the SME sector. There are numerous business directories and trade portals available online that contains a rich database of manufacturers, sellers and buyers.
- To start and maintain these units, minimal investment is required.
- These SME units are now being funded by many government and private banks.
- The SME sector is one of the greatest contributors of domestic production as well as the export earnings. Many major mergers have taken place recently.

Though the SME sector is flourishing and expected to grow further in the near future, there are however certain challenges that the SME sector will have to face. SME’s are the engines of growth of any country’s economy. They are an essential source of a country’s jobs, create entrepreneurial spirit and jobs in a country and are crucial for fostering competitiveness and employment. According to the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the Micro, Small and Medium Enterprises (MSME) are classified as:
1. Manufacturing Enterprises: The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries Development and regulation Act (1951).

2. Service Enterprises: The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

With the recent pronouncement of the MSMED Act, 2006, the Indian government has explicitly recognized the dynamic role to be played by the MSMEs in an increasingly globalised world. The clear thrust of the recent policy initiatives has been three-fold:

- Enhance competitiveness through encouraging an innovative ethos amongst firms and being quality conscious;
- Increase links with multiple stakeholders with a view to benefit from networks both nationally and globally; and
- Strive for a larger market presence beyond the domestic.

The policy attaches importance to networking with stakeholders both upstream and downstream in the entire global value chain, from raw material procurement to processing/manufacturing to marketing to customer services. For one thing, the Act has identified the category of ‘medium’ enterprises as a vital section in the manufacturing stream and, for the other; it has taken special note of distinct roles to be played by what are termed business service enterprises, Jeswal (2012).

1.5. Present Scenario

In the recent past, small companies have performed better than their larger counterpart. Between 2001-06, net companies with net turnover of Rs. 1 crore – 50 crores had a higher growth rate of 701 per cent as compared to 169 per cent for large companies with turnover of over Rs. 1,000 crores (Business World, Jan. 2007). The total SSI production, which had reached the all time high of Rs. 1, 89,200 crores in 1989-90 dropped dramatically in the next 10 years and only in 2001-02 the level of
production were surpassed. But after 2002, the production has risen at a faster rate. Since 2000, there is a continuous growth in number of units, production, and employment and in exports. The average annual growth in the number of units was around 4.1%, Ahluwalia (2012).

Today, some of the SMEs are acquiring companies abroad as part of the globalization process. Mostly, these units are ancillaries and are export oriented. The SME sector have transformed to the need of large local manufacturers and suppliers to global manufacturers like Auto Industry. Today some SMEs are investing in R&D in order to compete globally. Outsourcing from multi-national companies has played a vital role in the emergence of Indian SMEs as world leaders in specified products. The advantages in labor-intensive manufacturing units, lower transport costs and lose labor policies of the small scale sector have led to major outsourcing in manufacturing and services, Jeswal (2012).

The opportunities of growth in the SMEs sector are enormous due to the following factors:

- Less Capital Intensive
- Extensive Promotion & Support by Government
- Reservation for Exclusive Manufacture by small scale sector
- Project Profiles
- Funding - Finance & Subsidies
- Machinery Procurement
- Raw Material Procurement
- Manpower Training
- Technical & Managerial skills
- Tooling & Testing support
- Reservation for Exclusive Purchase by Government
- Export Promotion
- Growth in demand in the domestic market size due to overall economic
growing

- Increasing Export Potential for Indian products

- Growth in requirements for ancillary units due to the increase in number of green-field units coming up in the large scale sector

1.6. Challenges Faced by SME

Despite its commendable contribution to the Nation's economy, SME Sector does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporate, which is a handicap in becoming more competitive in the National and International Markets. SMEs face a number of problems:

- Absence of adequate and timely banking finance,
- Limited capital and knowledge, non-availability of suitable technology,
- Low production capacity,
- Ineffective marketing strategy,
- Identification of new markets,
- Constraints on modernization & expansions,
- Non availability of highly skilled labor at affordable cost,
- Follow-up with various government agencies to resolve problems etc.

Export Marketing—The export market of the India is again highly personalized where the Exporter personally keep close contact with the buying firms. For this purpose regular visits are made by the Chief Executives of the exporting firms of the cluster, to the important importing countries. Again, many of the local exporters maintain offices, in the markets, particularly UK and USA. As the details of the buyers are kept closely guarded secrets and loyalty of the professional executives cannot be guaranteed, even in the larger exporting firms the export related information are dealt by the family members. Even the foreign offices are run by some of the family member and there is no dearth of volunteers in this country of Non-resident Indians.
The size of the export market of the Jalandhar cluster could be guessed from the figures of the Sport Goods Export Promotion Council as mentioned in an earlier paragraph. Considering a 50% share in the export basket, the export from the cluster could be taken as Rupees 1250 million out of the total reported export of Rs.2472 million reported by SGEPC. However, sources from Exporters claim the export figures are double the amount as many exporters from the Cluster are not member of SGEPC (already more than hundred firms are) and many exports are not reported. On the final analysis it can be assumed that the export from the Cluster hover around Rs.2000 million and as reported earlier with little overall growth during the last few years. However the exports are not static as there are significant inter segment transfers. Already Sportswear has replaced Inflatable Balls as the leading item in the export of sports goods from the country. The Amber light for the cluster is that the items which are showing a positive trend in export are not the core competence areas for the cluster and if major restructuring of the production base is not carried out, Jalandhar may soon lose its position of highest exporter of sports goods in the country. As mentioned earlier, some initiation in this regard has been taken but the pace is not sufficient for the rapid change in the export market.

Whereas the ‘sports goods’ cluster in Meerut has 350 units, employing more than 15000 to 16000 people and producing goods worth INR 400 crores. Meerut sports goods industry contributes draws technical support from the process and product development centre (PPDC) for ‘sports goods’ which is a central government organization. The only association in the cluster is all India Sports Goods Association. Meerut sports industries are contributing to one fourth of India’s export of sports goods. Therefore it is very vulnerable to the external factors and government policies to support the export.

**Lack of Cooperation:** A direct outcome of the personalized nature of marketing by the Exporters, are near absence of cooperation in marketing. Every Exporter from the cluster considers the information about their clientele and the export price as top secret. Though often they travel in a group to a country or a Fair, there is no consortia approach and the price or product negotiations held with the buyers are not divulged to the group members though otherwise they are staying and
eating together. The advantage goes to the Buyer as agreed by some exporters. They bring the price to the rock bottom by taking the advantage of the absence of exchange of data among the members of the group and eagerness of all to accept the entire order (the supply of an order, whatever big it may be is not a problem due to the widespread outsourcing and sub contracting prevalent in the cluster). The situation is not unique in Indian context as in most of the traditional SME cluster these kinds of isolation and secrecy in marketing is maintained to somehow get some order in a highly competitive and stagnant market.

Whereas in the cluster of Meerut the reason is not very difficult to understand, no one wants to have a competitor who can take away his/her business. Again due to the same reasons, the firms are unwilling to exchange information about technology up gradation, to continuously look out for the new opportunities and dissipate the information to various manufacturing units.

Absence of Brand Promotion: The fact is that this kind of approach is beating the Jalandhar cluster in the export market. Though the exporters from the cluster do not mention about a consortia approach by the exporters from China and Pakistan, they agree that the exporters from these countries do not easily reduce their price in their bargain with the buyers and successfully resist non tariff barriers from the importing countries. It appears without some kind of consortia approach such behaviors will not be forthcoming. Another weak point of the Jalandhar cluster is almost no exporter exports in his brand name. While important players in the global market for sports goods like Adidas, Spalding, Nike, Puma etc. source their products from the Jalandhar cluster, the local industry have never tried to promote their brands at least in the developed market. The result is they are forced to supply at a near uneconomic rate with little concern for quality or reputation. This kind of sub contracting in the international market also keeps most of the cluster based firms insulated from the changes in the business environment in the international market like insistence on fair trade practices and quality certification by the importing countries as the buyers generally take care of these things.
Meerut on the contrast is facing same immense competition from mechanized units manufacturing similar products. Technology is changing very rapidly and the cluster firms are too small to make the required amendments and the same factor of brand promotion is hindering their economic growth largely to an extent.

**Non Tariff Barriers:** First of such changes affected the cluster based exporters a decade back when implementation of Quality Systems were insisted by many buyers. The cluster based players rose to the occasion, albeit late and slowly started implementing the Quality Systems. Today quite a few local firms have ISO 9000 certification. The second hurdle came a few years back when major buyers threatened stoppage of import from the country on the issue of use of Child labour. The Industry of Jalandhar cluster again rose to the occasion and floated an NGO, Sports Goods Federation of India with the support of ILO, and Government, to identify and eliminate child labour from the sports goods industry of Jalandhar. The positive efforts of the SGFI have been acknowledged at the international level and declarations of its members about non use of Child Labour are accepted with all seriousness. The above show, as characteristic to a dynamic cluster, the Jalandhar cluster rises to the threats successfully but as there is no proactive action, in the course faces a jolt which puts it a few steps behind. Such kind of attributes explain well why the export from the cluster is near stagnant and could be easily diagnosed to absence of networking in the Export market. The next barrier looming before the cluster is the insistence on following of fair trade practices and compliance of social; norms by the suppliers, by some advanced countries.

Human resources development is one of the most neglected areas in the cluster. Labor issues, especially in the firms manufacturing cricket balls and footballs have come in to limelight very rapidly and it has been observed that even implemented Govt. policies are unable to have a break to the crises.

**Absence of Market Research:** The personalized nature of marketing by the cluster based firms is also manifested in the near absence of agents, market promoters and other middle men in the export market of the Cluster. It appears the Exporters operate mainly based on their prior knowledge of the market and feed backs received
from their own offices. It is not known if any market survey has been conducted at the cluster level and it is highly improbable as such exercises are beyond the capacity of average exporters and there is no concept of networking. It is a different issue that there is not much need of such things when one is basically working as sub contractors to a limited group of international brands. And that market is also not without threats. Firms from the dominant Exporting countries like Taiwan has already fanned out to countries like Indonesia and Philippines, where the labour is cheap and abundant, to set up sports goods industry and their products will unleash a cost war in the markets for the traditional export items of the Jalandhar cluster. If the Industry want to shed its image as supplier of traditional, lower end of the market, non - professional items, rigorous market surveys are needed to be carried out the niche areas and emerging markets and develop the relevant capacities. Engagement of marketing consultants, and they can be afforded only by networks/consortia will also help the Exporters in planned market promotion. In the current environment of sub-contracting in the international market, common brand building appears to be a far cry, but for maintaining unit value realization and market share this is the only long run option.

Secrecy maintained about market related information by the SME’s in Meerut prevents reliable market projections. The resistance of the cluster based firms to share information makes their economic growth almost impossible. Most enterprises are unwilling to do market surveys and they rely only on their individual sources. It dampers the potential of reliable and accurate projections of future demand and causes unpredictable loses to most of the manufacturing units.

SGEPC: The only support at the Institutional level for the promotion of exports of sports goods comes from the SGEPC. Besides sponsoring ‘market survey’s from time to time, it also provides market information to its members through its news letter. The problem is targeted to the entire sports goods industry of the country, they are not highly focused and do not contain in depth analysis of the specific product segments which are of importance to the Cluster based firms. SGEPC also sponsors participation of the Industry in specialized fairs for sports goods like International Trade Fair for Sports Equipment and Fashion, (ISPO) Munich and Super
Show Fair at Las Vegas. The Council also sponsors one man sales cum study teams to foreign markets and the facility was availed by about a dozen exporters from the Jalandhar cluster during 2000 to 2001, Gilmore (1999).

**PPDC:** The Process-Cum-Product Development Centre (Sports Goods & Leisure Time Equipment) (PPDC), Meerut, meets the technical needs of sports goods industry throughout the country in collaboration with UNDP and Govt. of U.P. The Center aims to upgrade technology in the sports goods industry through induction of new technology, new products and improved designs. It is an autonomous organization under Ministry of Micro Small & Medium Enterprises (MSME). It is registered under societies registration act 1860. It is situated at Sports Goods Complex in Meerut. The basic role of this office is to provide R&D support to the Sports Goods industry and implement of central schemes and to conduct training programme in coordination with the state government. New designs are being developed and supplied on nominal rates to the industry. It is trying to develop new technologies and upgrade the existing level of technology. The basic objective of the Centre is upliftment of indigenous Sports Goods industry by making available adequate and appropriate technology, trained manpower for improving the quality of products and diversification of items and also to provide modern Research & Development facilities for quality up-gradation, manufacturing processes & new improved products in the field of Sports Goods and Leisure time Equipment so as to augment the export of sports goods from India, ESGNPC (2008).

1.7. Other Important Factors

**Finance:** One surprising aspect of the cluster is that finance has not been mentioned as a bottleneck by any cluster player. While the current stagnancy in the market and technology may be cited as the reason for the poor demand for funds, it is also a fact that the cluster basically operates with own funds. Other reasons cited for the low demand for Bank finance are the high cost of Bank loan and the low fixed capital base of the majority of the firms. The latter factor is important. As most of the operations are skill based, there is almost no machine worth the name, even in larger
units and the ratio of fixed and working capital is very low for almost all firms. Notable exceptions are the newer units producing molded plastic based items. But again as mentioned before these units also mostly rely on the locally fabricated machines again to keep the cost of production low. Unavailability of sufficient fixed capital for the collateral purpose is a factor for lower off take of Bank loan by the cluster based units.

This is true that the exporter’s avail of Bank loans for financing the export operations but they have also not mentioned finance as a major issue. It appears that the highly interlinked business operations and close relations with both the suppliers and buyers have made the cluster operate with minimum aggregate working capital and relying more on own fund to minimize the cost of operations. While the Indian Manufacturing sector, particularly the small sector always complains about the paucity of Bank loan as the primary reason for the poor performance of the sector, the case of the Jalandhar sports goods cluster is completely different. It is also observed that hindrance to growth of small scale industries is due to the structural financial problem. It is very much evident that the sensitivity of company growth to cash flow rises as company size falls. Growth of small scale industries encounters finance constraints that prevented them from fully exploiting their growth potential (Wagenvoot, 2003). Evidence shows that the strength of a local economic system and its capacity to grow depends on the culture of the society. Similar, scenario is presented in Meerut sports goods industries too.

**Reasons for Low Leverage:** One underlying fact behind the reluctance of the cluster based firms to go for leveraged operations is the conservative mindset of the entrepreneurs. As mentioned in the history of the cluster most of the entrepreneurs migrated together from Sialkot and at least the older generation still maintain that solidarity. To them making cheap and selling cheap is the motto of business. ‘Debt’ and ‘Defaulter’ are still taboo and while the other two local clusters of Leather and Hand tools are often accused of financial irregularities, the sports goods cluster is almost clean in this respect. Even the Bankers have not much complain about the financial disciplines of the cluster based firms, a rare feature in the industrial scenario
of India.

The issue had to be analyzed at length as the low leverage of the Cluster has on the one hand has given it the competitive strength by lowering the cost of production, but on the other hand has inhibited modernization and mechanization of the cluster. In fact motivating the able cluster based firms to adopt state of the art technology through institutional finance may be a key issue in upgrading the cluster to a producer of sports goods for the high end of the market.

**The Issue of Infrastructure:** The issue of infrastructure again does not appear to be key issue for the cluster. The affinity of the cluster player to the traditional areas of concentration has been mentioned before. The industrial complex set up by the Punjab Government did not have much taker as it was quite at a distance. However, now firms going for diversifications like Sport Shoes etc. and new technologies like plastic moulded items are going out of the cluster to the fringe areas of the town. While space in the traditional areas is scarce, and Cluster Associations demand for a new industrial complex, it appears there will not be much shifting of productive activities to a new area at least for the traditional items till all levels of the core cluster players are shifted to the new location. Recently the State Government has commissioned a Study for the feasibility of setting up a Special Export Zone at Jalandhar. While it may be feasible keeping in view the requirement of the other clusters of Jalandhar, from the sports goods cluster only the larger exporting may move out that also to produce new range of products.

The road, rail and telecommunication system is one of the best in the country and the power supply position is also highly satisfactory in Indian standards. The situation is expected to improve further with the privatization of the Electricity distribution system. Similar, scenario is presented in Meerut sports goods industries too.

**Human resource Development:** Human Resources development is one of the most neglected areas in the cluster. There is almost no systematic training system, on or off job for the workers in the cluster. As the prevalent manufacturing system is skilled based manual operations, the traditional training method is helper to semi
skilled to skilled worker. While this may be ok and most cost effective for the traditional system of production, it provides no scope for inclusion of new techniques and technologies. While innovation is a continuous phenomenon, improvement is a casualty in the cluster. As need for systematic training goes hand in hand with infusion of new products and technologies, the cluster players will probably not feel the gap in HRD till new products and techniques are introduced in a big way. Again that day may not be far away if the cluster is to survive the onslaught of the foreign products in the liberalized tariff regime. And even for operations like stitching of Balls, introduction of new tools and techniques are required to improve the product quality to international standards.

Quite a few Institutions in the town have facilities for training in related skills like stitching of garment, shoe making, carpentry etc. but they mention almost no demand from the sports goods industry for trained manpower. While the basic reason has already been explained, it is also a fact that the training curricula and methodology of these institutions are quite dated and will not introduce any improvement in the existing production system of the cluster. So there is the need to develop at least a few institutions to provider of trainings in improved techniques for making of sports goods.

For the supervisory staff also technically qualified people are not much in demand in the cluster. Only the producers of new items like sports shoes and molded items need and employ technically qualified persons. However firms who have gone for ISO 9000 certifications employ qualified persons for the quality assurance areas. Professionally qualified Managerial staff are almost absent in the cluster as entrepreneurs themselves manage the entire show. Even providing technical and managerial training to the next generation is very rare in the cluster though the Punjab Technical University is in the vicinity.

**Government Machinery:** Among the Government machinery the Tax administration and Labour Welfare Department appear to be important for the cluster. While complains about the Central Tax authorities are rare, the rigid approach of the State Sales Tax administration is widely criticized. While Tax evasion may be
widespread, the Tax authorities also appear to be short of imaginative approach. The labour welfare department had taken a quite dynamic role in the efforts of the cluster to meet the challenges arising out of the child labour issue as mentioned earlier.

**BDS Developers:** Business Development Services Providers have important contributions in the growth and development of an industry, but they are nearly absent in the Jalandhar sports goods cluster. Private Consultants and Development technologists from the suppliers are plenty in the adjacent two clusters of Leather and Hand Tools but simply not visible in the sports goods cluster. The reasons are not very difficult to find. With a skill based manufacturing process in which the entrepreneur himself has sufficient expertise and a highly personalized marketing system, the BDS providers has really little to offer in the areas of technology and marketing, the two most common services needed by the Industry in general. It is also a fact that the latest technology in sports goods are so specialized that persons or institutions having adequate knowledge in them are rare to find. And same is the case for Market related information, both for domestic and export market.

The institutions in the vicinity of the cluster, as shown in the cluster map with dotted lines could provide important services to the cluster particularly in the areas of product development and training but have little interactions with the cluster actors basically due to the ignorance of both sides about the need and competence of the other. In fact institutions set up basically for other clusters like the Central Institute for Hand Tool; Jalandhar could provide important services for the development of tools etc. for the modernization of the production process.

The larger exporting units are availing services of the expert institutions like Footwear Design and Development Institute, Noida and at least one local firm had taken the expertise of the Punjab Technical University for product development. But these are exceptional cases and the institutions mentioned are not typical BDS providers who come to the doorstep of the firms to sell their services. Again the same group of firms availed services of consultants to implement ISO 9000 Quality systems, but these were basically one time affair and the outstation consultant probably could not find sufficient business opportunities so that they can set up a shop.
in the cluster. The exporters also engage consultants in the foreign market to develop new business and markets. The only agency which is providing real BDS services to the cluster is SGS, But they have also kept their services limited to Certification of the products as ‘Child Labour not used’ to promote acceptance in the advanced countries. Though enhancing the market for the cluster based products, indirectly, through their present services, SGS has not initiated services related to their core competence areas of product and process quality assurance in the cluster, probably not finding adequate market, Tinman (2011).

Whereas in Meerut city only Three NGOs operate in the cluster, of which only two NGOs are active. Out of the existing 3500 micro and small units approximately 2000 units are authorized and 1500 are unauthorized. Majority of them are facing a lot of problems like shortage of electricity, finance, raw material, technology etc. The production is low because the units are not mechanized as only 20% of them use machinery. Latest technology is not available to the manufacturers hence they face severe competition from Pakistan, China, etc. Most units in the cluster are unaware of marketing methods and are using outdated design products and having low productivity. From April to September they face acute shortage of power. If given the right business opportunity to the sports goods manufacturers, this cluster can flourish. About 60% total production is being exported to Australia, South Africa, England, America, West-Indies, New Zealand, Zimbabwe, Bangladesh, etc., through middle men and the remaining products are sold in the domestic market across India, Economic SGNPC (2008).

1.8. Cluster Development Program

Cluster development Program (or cluster initiative) is the economic development of business clusters. The cluster concept has rapidly attracted attention from governments, consultants, and academics since it was first proposed in 1990 by Michael Porter. The first comprehensive study of cluster initiatives around the world was reported in the “Cluster Initiative Green book” published by Orjan Solvell, Christian Ketels and Groan Lindquist, with a foreword by Michael Porter.
SMEs have been termed as engines of growth and UNIDO with this as the guiding principle launched a program in 1993 to promote linkages among SMEs as well as between enterprises and their institutional environment. The cluster approach made famous by Porter (1990) has found much support from UNIDO which believes that this approach can lead to equitable development and sustained economic growth. Some of the countries where this approach has been introduced are India, Indonesia, Malaysia, Mexico, Nicaragua, Honduras, Jamaica, Bolivia, Madagascar, Morocco and Tunisia. UNIDO started its interventions in India under its Cluster Development Program (CDP) in the year 1997. As in the case of most of the developing countries, Indian SMEs too bear a characteristic feature wherein co-operation among firms is accidental or non-existent. The situation is further aggravated by small size of these enterprises leading to inability to introduce innovative improvements to their products and processes and look beyond the boundaries of their firms to capture new market opportunities. The emphasis of the UNIDO CDP is to provide assistance to SMEs so that they can escape these limitations through co-operative endeavors while keeping the competition among them intact.

The objectives of this program are:

- To strengthen the competitiveness of selected SME clusters by enhancing collective efficiency and networking;
- To develop and disseminate a methodology for cluster development suited to Indian conditions;
- To promote a cluster development movement in India and
- To enhance the contribution of cluster development to the reduction of poverty

In its first phase spanning from 1997 to 2002, it has assisted 7 clusters on pilot basis namely, Jaipur (textile hand-block printing), Pune (food processing), Tripura (cotton hosiery), Ludhiana (knitwear), Ahmedabad (drugs & pharmaceuticals), Ambur (leather tannery & shoes), Sports goods and Bangalore (machine tools). In the second phase starting from July 2002, three more clusters are being assisted namely Bellary (jeans), Kota (knitwear), and Jalandhar (sports goods). Moreover, action-based research in the field of cluster development and poverty reduction is being conducted in the clusters of Sindhudurg (food processing) and Chanderi (handicraft
textile) to ascertain the direct and indirect contribution of cluster development initiatives to the fight against poverty.

1.9. Cluster Development Programme in Jalandhar

The sports goods industry cluster of Jalandhar is a classic example of transplanted cluster, where a major segment of an existing cluster shifted lock, stock and barrel (here the entrepreneurs, the workers and even the suppliers) to a new location due to some extraneous reasons (here political). The origin of the sports goods industry in India can be traced back to Sialkot (Now in Pakistan), which was the sports goods production centre in pre-partition days. The birth of the modern sports goods manufacturing industry can be traced back to the turn of this century in the North-West region of pre-1947 India. The sports goods industry had to wait for nearly half a century after the birth of railways as the modern sports became known, even to the Indian elite, only after the British influence on Indian Society increased, Kulkarni (2008).

Cricket, tennis, hockey and football were the games which were introduced by the Englishmen in the army. With the increase in British presence the demand for the sporting hardware too increased. The elite and then the middle class Indians subsequently followed suit. Those were the days when the import of goods from England took weeks and the imported sports goods were out of reach of the average Indian as the cost of transportation was very high.

Sialkot (now in Pakistan) was found to be most suitable place as it was in the center of Punjab, and Uttar Pradesh was not far away. It was also suited to the sports industry because it was situated at the foothills of the mountains and was best place to grow trees needed for wood to make cricket bats and hockey sticks. The place also had good craftsman who could be trained for manufacturing these items. It started off with a British colonel suggesting Gainda Singh Oberoi, a local wood dealer, that he manufacture tennis racquets out of mulberry, then used only as a domestic fuel. This was how the first factory- Uberoi Limited – was set up in 1888 in Sialkot. And thus, the industry came to Sialkot. It was India’s debut in hockey in the 1928 Amsterdam Olympic that gave the industry a high boost. Sialkot started making hockey sticks as
well as footballs and the industry flourished until the partition in 1947, checked its boom, Kulkarni (2008).

With the division of the nation, entrepreneurs belonging to one community decided to shift from Sialkot (which became part of Pakistan) to India. The workers of the Sialkot industry belonging to the same community also migrated along with the entrepreneurs. Initially the migrants settled in Batala in Indian Punjab, which was nearest to Sialkot and close to mountain where the wood needed for sports items could be grown. Subsequently, according to the resettlement plan of the Government the entrepreneurs and their workers settled in Jalandhar. The City was found suitable for the Industry, for its location near the foothills of the Himalayas which assured a regular supply of coniferous wood and existence of a traditional leather market, which again assured regular supply of leather, the two major raw materials for the Industry at that time. It goes to the credit of a handful of entrepreneurs to build the industry from scratch and find avenues for marketing their products. A section of the Industry settled in Meerut in U P, where also the wood and leather were available in plenty. The added advantage was proximity of Meerut to Delhi, which emerged as a large market for sports goods, Raju (2007).

Jalandhar is an important city of Punjab located in the Doaba region (between the two rivers, Satluj and Beas). Along with its twin town of Jalandhar Cantonment, it is strategically located between the two important industrial cities of Ludhiana (70 Kms) and Amritsar (60 Kms), it is location of two other important SME clusters of Hand Tools Industry and leather Industry. There are also a good number of units making rubber based items like Hawai Chappals. The strong export base of Ludhiana as well as continuous migration of a large number of local youth to the developed countries surely provided a Philip to the growth of export markets for the sports goods industry. The strong built of the natives supported by a robust agriculture and agro based productions led to a good affinity to sports. Location of the headquarters of Armed and Para military forces in the region and good support by some local large companies and also by the State Government provides the environment for keen interest of local population in sports. These naturally helped in the development of a thriving local market for sports goods.
The Sports Goods Industry is located traditionally in two localities in the central part of the town, Basti Nau and Basti Sheikh. With the growth of the Industry it has also spread to adjoining areas of Basti Daneshmandan, Nakodar Road etc. The job workers of the industry, who are important elements of the production system and whose predecessors migrated with the entrepreneurs from Sialkot are settled in Bhargav Camp and Basti Daneshmandan, adjacent to the above areas. Entrepreneurs who set up modern units with mechanized production systems, subsequently shifted to the Industrial Area, fringe areas located on the highways to the city and the Surgical and Sports Goods complex. However the network of the traditional business process is so strong that even these units have their office or some production facilities in Basti Nau and Basti Sheikh, the traditional locations, Raju (2007).

The demand for sports goods is increasing in international as well as the domestic markets and this cluster holds the potential but lacks the technical knowhow. The cluster faces immediate threats from countries like China, Taiwan and closer home, Sialkot in Pakistan. UNIDO in the year 2002 decided to intervene and uplift the economic condition of the cluster, the organization has been regularly working for the upliftment of the sports sector especially in Jalandhar, the important areas of the work are discussed below:

1.10. Rationale of the Study

The changing face of sports has greatly invited a need of high quality infrastructure and facilities for the sportspersons from different sports for better and enhanced results, which has lead to the development of a specialized market to be concerned about the growing needs of various sports equipments and infrastructure of high quality. A sport is an industry that has rapidly grown and evolved, positively impacting the overall GDP growth in numerous countries. There are enormous opportunities for further industry participation. However there are challenges in attracting investment into sport.

Sports Goods Industry has remained not only one of the important livelihood avenues but has also been the savior of various traditional skills that have been
inherited by the workers over generations. The unique and high-skill oriented processes for the production of exquisite sports products helped the industry to survive the onslaught of automated production systems. United Nations Industrial Development Organization (UNIDO) is an agency of the United Nations with the mission of helping countries pursue sustainable industrial development, it is a specialist in industrial affairs.

SMEs have been termed as engines of growth and UNIDO with this as the guiding principle launched a program in 1993 to promote linkages among SMEs as well as between enterprises and their institutional environment. The cluster approach made famous by Porter (1990) has found much support from UNIDO which believes that this approach can lead to equitable development and sustained economic growth. Some of the countries where this approach has been introduced are India, Indonesia, Malaysia, Mexico, Nicaragua, Honduras, Jamaica, Bolivia, Madagascar, Morocco and Tunisia. UNIDO started its interventions in India under its Cluster Development Program (CDP) in the year 1997. As in the case of most of the developing countries, Indian SMEs too bear a characteristic feature wherein co-operation among firms is accidental or non-existent. The situation is further aggravated by small size of these enterprises leading to inability to introduce innovative improvements to their products and processes and look beyond the boundaries of their firms to capture new market opportunities. The emphasis of the UNIDO CDP is to provide assistance to SMEs so that they can escape these limitations through co-operative endeavors while keeping the competition among them intact.

At presently the UNIDO is working on the development of the cluster of Jalandhar, which is one of the biggest sports market in India, whereas on the other hand Meerut being another important venue for sports marketing has explored and gained enormous appreciation in the field of sports marketing, the research scholar has initiated this research work to have a survey of the sports goods industries of India and the factors promoting them, the scholar has also worked on having a glance on the support system of UNIDO CDP in assisting the SME’s.
1.11. Statement of the Problem

The sports goods industry in India has witnessed phenomenal growth over the past five decades and now occupies a place of prominence in the Indian economy in terms of its massive potential for employment generation and export. There has been an increasing emphasis on its planned development, aimed at optimal utilization of resources for maximizing the returns, particularly from exports. On the basis of facts discussed above the research scholar was motivated to undertake the study entitled as, “A Study of Factors Promoting Sports Goods Industries in India”.

1.12. Objectives of the Study

The investigator has conducted the study keeping the following objectives to justify the present research work:
1. To assess the factors promoting to the development of sports goods industries in Jalandhar.
2. To assess the factors promoting to the development of sports goods industries in Meerut.
3. To assess the performance of economic growth in sports goods industries.

1.13. Limitations of the Study

The present research work was done keeping in mind the following limitations:
1. The unavailability of secondary data from the cluster stakeholders making validation of many activities a challenging task and, in some cases, not feasible.
2. The findings were based on memory recall of the subjects involved and hence, some discrepancy may be induced as memory can be clouded.

1.14. Delimitations of the Study

The study was delimited to the following aspects:
1. The study was delimited to Jalandhar and Meerut region only since, more than 80% sports goods industries fall within geographical conditions of these two cities.
2. The study was also delimited to 60 sports goods industries (30 from Meerut and 30 from Jalandhar) region.

3. The study was further delimited to the director/administrator/Manager of the selected sports goods industries.

4. The study was further delimited to the selected four variables only:
   - Commercial Collaboration
   - HR Up-gradation
   - Innovation and new technology Up-gradation
   - Business development

5. The study was delimited to those industries who are manufacturing only supplies & equipment and sports kit.

6. The extent of economic growth in sports goods industries were studied from past three financial years (i.e.2009-2012).

### 1.15. Operational Terms Defined

**SME**

Define Small & Medium Enterprises, as approved in SME Policy 2007, as an enterprise that has up to 250 employees, or a paid up capital of 25 Million PK Rupees, or an annual sale of up to 250 Million PK Rupees. The Federal Government, in line with the economic development of Pakistan may, from time to time modify the eligibility criteria as it sees fit. All providers of services receiving funding from the Government may define more narrow scopes for specific targeting purposes.

**UNIDO**

United Nations Industrial Development Organization (UNIDO) is an agency of the United Nations with the mission of helping countries pursue sustainable industrial development, it is a specialist in industrial affairs. It works largely in developing countries, with governments, business associations and individual companies to solve industrial problems based on the 3 Es - competitive Economy; sound Environment; and productive Employment. UNIDO was established in 1966 with headquarters in Vienna and became a specialized agency of the United Nations in 1985, 171 states are current members.
Cluster development Program (or cluster initiative) is the economic development of business clusters. The cluster concept has rapidly attracted attention from governments, consultants, and academics since it was first proposed in 1990 by Michael Porter. The first comprehensive study of cluster initiatives around the world was reported in the "Cluster Initiative Green book" published by Orjan Solvell, Christian Ketels and Groan Lindquist, with a foreword by Michael Porter.

**Cluster**

A number of things at the same time growing together, Clusters are not unique to economics, but also and more frequently appear e.g. in statistics, music or the Computer sciences. In its literal and most general meaning a “cluster” is simply defined as a “close group of things” (The Concise Oxford Dictionary, 1982). Thus the synonymous notions of “density”, “relative nearness “and “similarity” lie at the very heart of the cluster idea. A priori, “closeness” or “similarity” is not restricted to any particular dimension (geography, technology, or social characteristics, etc.) or limited by any specific scale. Consequently, both have to be chosen exogenously to fit the question under investigation.

**HR Upgradation**

The part of human resource management (HRM) which specifically deals with training and development of the employees. HRD would include training an individual after he/she is first hired, providing opportunities to learn new skills, distributing resources which are beneficial for the employee's tasks, and any other developmental activities.

**Commercial Collaboration**

Commercial Collaboration: the identification and development of business opportunities and the profitable management of projects and contracts, from inception to completion. A 'commercial collaboration' is someone whose primary role is in the management or execution of such opportunities or projects.
Innovation and New Technology Upgradation

It was intended to form linkages with international experts, source indigenous technology and facilitate formation of networks to develop processes and new products. Many activities were organized to achieve these goals and were targeted at each of the sports goods category identified. These included workshops with foreign consultants, undertaking of research studies and introducing various other BDS providers in the cluster. However, there has been no significant improvement in the cluster as far as technology is concerned. Following figure shows the respondents views when asked about technology improvement in the cluster in the last 5 years. Sub- optimal, inefficient processes are still prevalent in the cluster. Indifference of firm owners and low capital investment can be attributed to this phenomenon.

Business Development

Business Development is mostly seen as growing an enterprise, with a number of techniques. New business development concerns all the activities involved in realizing new business opportunities, including product or service design, business model design, and marketing. When splitting business development into two parts, we have: ‘businesses and ‘development’. The first things that come into mind when looking at business are: economics, finance, managerial activities, competition, prices, marketing, etc. All of these keywords are related to risk and entrepreneurship and clearly indicate the primary scope of the term ‘business development’. The new business development process is to recognize chances and opportunities in a fast changing technological environment. Often uncertainty arises because of new technology and their new markets.

Skilled

A skilled worker is any worker who has some special skill, knowledge, and professionally certified or (usually acquired) ability in their work. A skilled employee is one who is capable of working efficiently of exercising considerable independent judgment and of discharging his duties with responsibility. He must possess a
thorough and comprehensive knowledge of the trade, craft or industry in which he is employed.

**Semi-Skilled**

A semiskilled worker is one who does work generally of defined routine nature wherein the major requirement is not so much of the judgment, skill and but for proper discharge of duties assigned to him or relatively narrow job and where important decisions made by others. His work is thus limited to the performance of routine operations of limited scope.

**Un-Skilled**

An unskilled employee is one who does operations that involve the performance of simple duties, which require the experience of little of no independent judgment or previous experience although familiarity with the occupational environment is necessary. His work may thus require in addition to physical exertion familiarity with variety of articles or goods.

**SWOT (Strengths, Weaknesses, Opportunities and Threats)**

A tool that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. The method of SWOT analysis is to take the information from an environmental analysis and separate it into internal (strengths and weaknesses) and external issues (opportunities and threats). Once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results.
1.6. Significance of the Study

The results of the study may significant in the following manner;

1. The study will be helpful to get the authentic information regarding commercial collaboration, HR up gradation, new technology and Business development in the field of sports management.

2. The study will be helpful to know the pattern of economic growing importance and commitment to enhance the cluster development scheme for building SME competitiveness.

3. Personnel’s at the various institutions may use this as a guideline to train professionals in education and sports management.

4. The study may be a useful guideline for the directors of the sports management in the field of physical education.

5. The result of present study may be helpful in obtaining the information regarding sports goods kit, and equipments from Jalandhar and Meerut clusters.

6. On the basis of findings, the UNIDO CDP may be able to make suitable changes in their policies for better development and innovation with new technology in the field of sports management.

7. The result of the study may be helpful to the organizer / promoters of sports infrastructure from various clusters.